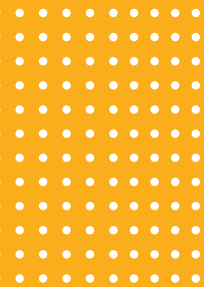




2017

HIGHLIGHTS

a 10-year retrospective of
corporate social activities





WHAT IS THE BISC?

The Corporate Social Investment Benchmarking (Benchmarking do Investimento Social Corporativo, in Portuguese BISC) survey, which started in 2008, is the result of a partnership between Comunitas and a select group of companies. The annual event provides an important contribution to the development, better management and the evaluation of corporate social investments in Brazil.

SCOPE OF THE RESEARCH

The BISC survey has been designed to provide a detailed inventory of all resources (financial, goods and services) invested by companies in projects and activities of social interest, including:

- Support for social, environmental and cultural projects;
- The construction of social infrastructure, including that which has been installed and/or operated by companies onsite;
- Ongoing or occasional support to formally constituted organizations.

Actions that exclusively benefit company employees and their families, donations to political committees and individuals and actions conducted with resources donated by third parties are not included in the BISC.

In addition to voluntary social investments, the study seeks to separately identify social investments performed out of legal obligations, administrative acts or judicial decisions, including obligations arising from environmental licensing and Conduct Adjustment Terms.

AREA OF RESEARCH

In 2017, the survey encompassed a group of 268 companies and 18 corporate institutions/ foundations.



2017
HIGHLIGHTS

a 10-year retrospective of
corporate social activities

INTRODUCTION





We are very pleased to publish the 10th edition of the BISC and present an overview of the achievements of this research in the last decade. The Corporate Social Investment Benchmarking (or BISC, Benchmarking do Investimento Social Corporativo in Portuguese) was created in 2008, inspired by the work of CECP: the CEO Force for Good, an institution with which Comunitas maintains an ongoing exchange of rich experiences.

Since then, this research has taken on new forms, increasingly seeking to operate as a tool to support the management of corporate social investments. Each year, new themes have been incorporated, providing important foundations for companies to reflect on the

course taken and define their future path.

Over the course of this process, several partnerships have been formed with academic institutions and non-governmental organizations, both nationally and internationally, which have contributed with important improvements. To foster the exchange of experiences, the BISC Discussion Groups were set up, bringing together several partners dedicated to deepening their knowledge on issues of collective interest and whose results are highlighted in the annual reports. The knowledge generated by the study inspired Comunitas to create the Juntos Program, in partnership with business leaders, to improve public administration. Today, the Juntos Program extends to several Brazilian municipalities.

The ten years of the BISC represent a unique opportunity to outline a retrospective of the paths taken by companies in the area of social investments. You will find this overview in this edition of the research. To explore the changes that occurred throughout this period, the 2017 study analyzed the main results from various previous editions and identified the changes in the profile of the group's activities; the course taken; the current challenges; and suggestions for future improvements. The objective of this edition was to look back to help us think about the future and apply our learnings to accelerate the required changes.

What do we learn from this retrospective? The results that we are publishing here show that we have much to celebrate. In spite of the fluctuations in the economic climate and the recession of the last years, companies continue to make significant investments totaling R\$2.4 billion. These figures represent a 35% growth compared to the first year of the study. This growth also confirms the consolidation of the role of the corporate sector in the social field.

Other data reinforces the importance of the BISC group's social investments. The invested funds are mostly private. In the last two years, for example, tax incentives accounted for only 19% of the total amount invested by the group. The investment pattern of the companies participating in the research is compatible with the international standard recorded in the CECF survey, when comparing the share of social investments in the companies' gross profit.

According to observations from previous reports, social investments in Brazil have gradually taken on a new form. In the past, companies invested in philanthropic or occasional initiatives, whereas now companies are investing more and more in organized activities that provide structural changes. In the search to expand the reach of social investments, companies have made a consistent effort to broaden the scope of social investments by aligning social investments with

business interests, public policies and, more recently, with the global development agendas as presented in this edition of BISC.

The satisfying results of the efforts from the last ten years are the result of the support provided by all partners that have made the continuity of this project feasible, as well as the research teams that have worked hard to collect and systematize the information solicited from those who participated in the Discussion Group and who were willing to grant us interviews that have so greatly enriched our analysis. We are moving forward together, but we still have a long journey ahead. New milestones await us in the coming years.



REGINA CÉLIA ESTEVES DE SIQUEIRA
Director-President of Comunitas



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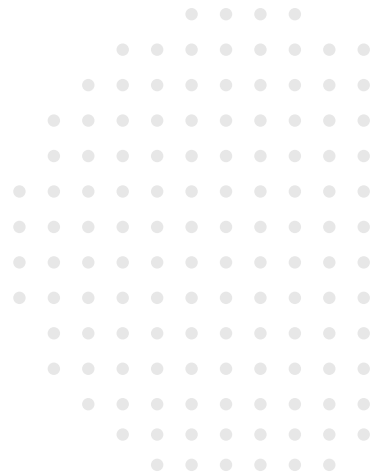
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**CONSOLIDATION OF
SOCIAL INVESTMENTS**

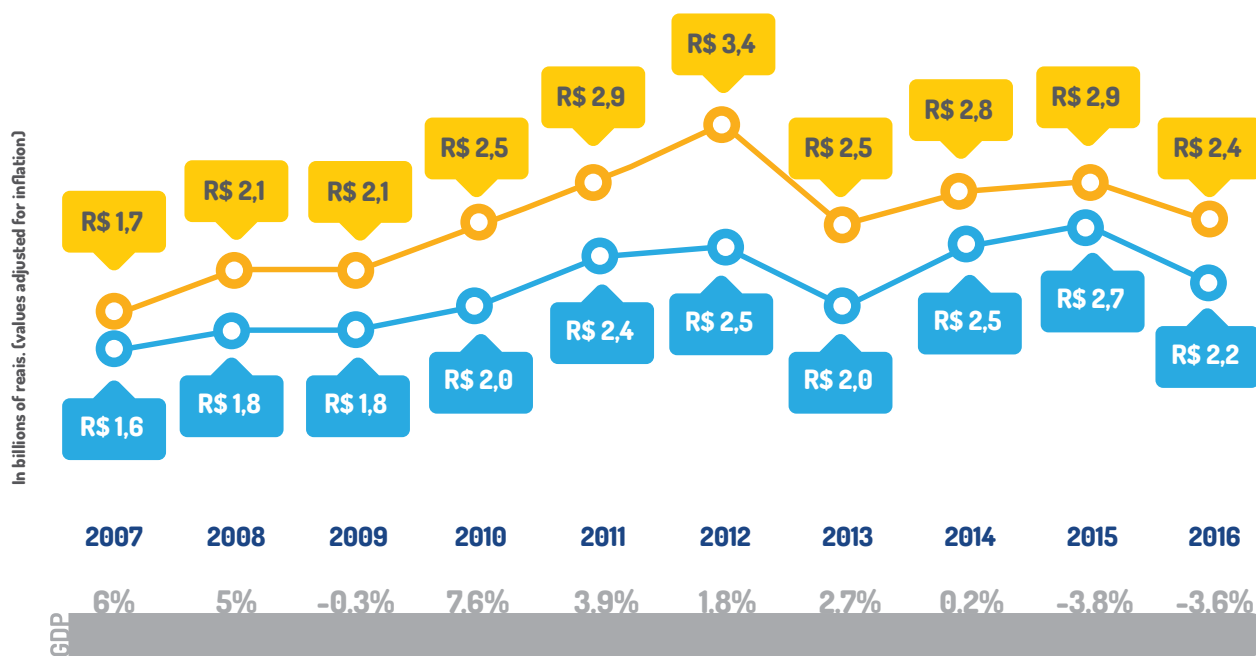


The information collected over the course of ten years of BISC clearly reveals that the performance of companies in the social field is well consolidated. The volume of funds invested and the growth trend observed throughout the decade is only one aspect of this. This affirmation is only reinforced by an increased investment of companies' own resources in social activities. Tax incentives never played a very significant role in social investments, and its share has fallen in recent years. In addition, in spite of the economic ups and downs, companies have maintained an investment pattern that is compatible with international trends, as noted in the comparison with the CECP research.

Investments in education have remained above the R\$ 800 million mark per year during the analyzed period. This is another indicator that the BISC group continues to believe can contribute to more lasting social transformations. The effort to promote employee participation follows along similar lines. This has resulted in an increased number of volunteers involved in the implementation of corporate social activities and a greater recognition of the benefits of volunteer engagement by leaders and social managers.

GROWING SOCIAL INVESTMENTS

Despite the impact of the recession, which caused a 19% drop in the volume of funds invested in 2016, the last decade registered a positive growth trend. In the period of 2007/2011, the BISC group's average annual investment totaled R\$2.3 billion; in the last five years, this average increased to R\$2.8 billion/year.



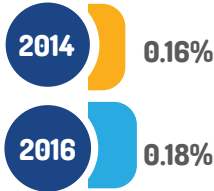
THE EVOLUTION OF INVESTMENTS: ALL COMPANIES

EVOLUTION OF THE INVESTMENTS OF COMPANIES THAT RESPONDED EVERY YEAR

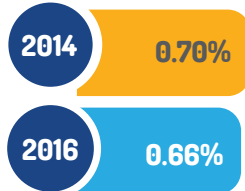
THE SHARE OF SOCIAL INVESTMENTS IN CORPORATE INCOME AND PROFITS REMAINS STABLE

The effort undertaken by companies to preserve social investments in an adverse environment is reflected in the share of net income allocated to social projects: in 2016, the median percentage was 2.13%, a pattern similar to what was observed in 2014.

social investments as a proportion of **revenue**



social investments as a proportion of **gross profit**



social investments as a proportion of **net profit**



COMPANIES AND INSTITUTIONS: DIFFERENT TRAJECTORIES, SIMILAR TRENDS

Unlike corporate investments, social investments made directly by institutions/foundations varied less over the years. Between 2015 and 2016, there was even a small increase in the resources invested by these organizations (2%).

The evolution of social investments

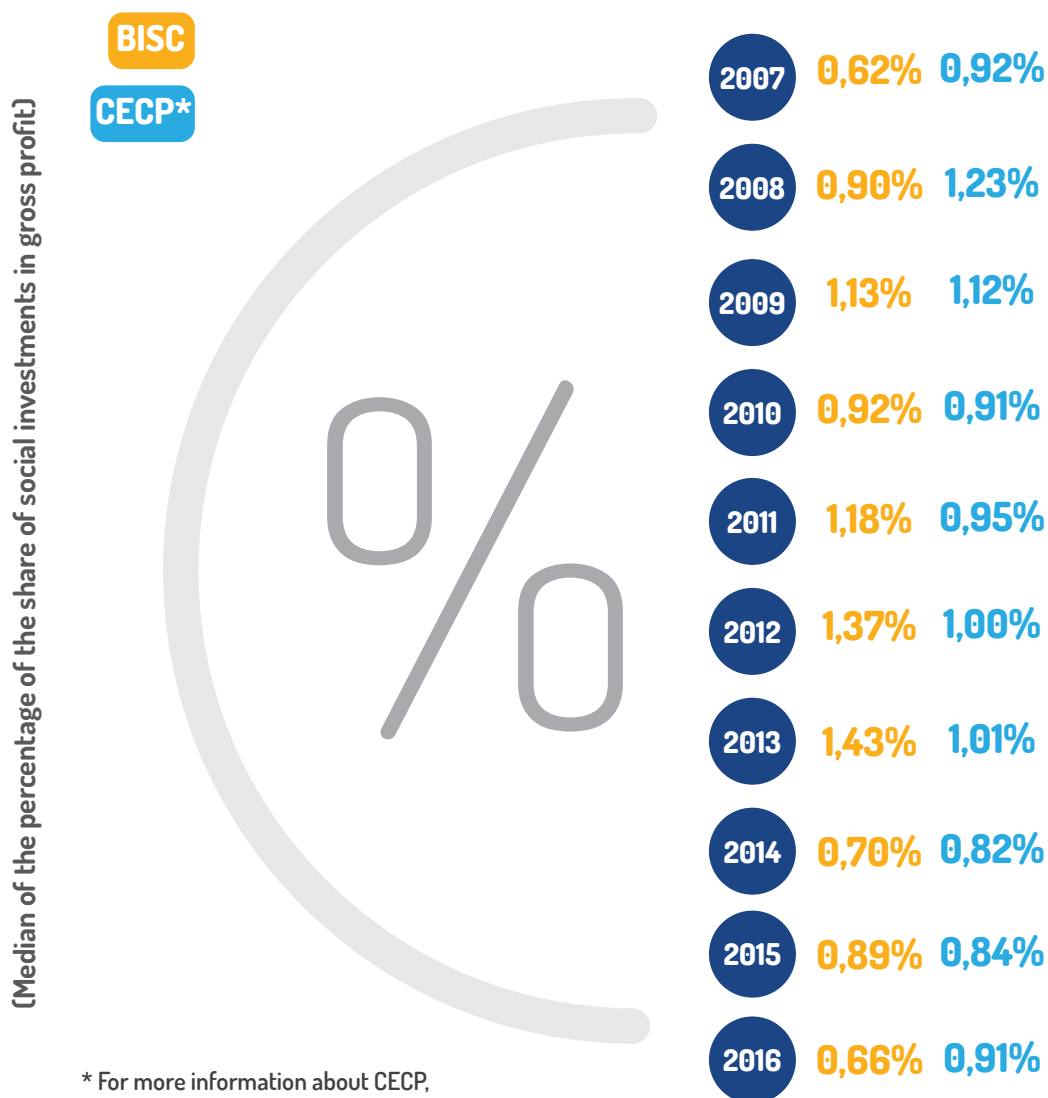


COMPANY INSTITUTE

In billions of reais (values adjusted for inflation)

SHARE OF INVESTMENT/PROFIT: BISC AND CECP TRADE FIRST PLACE POSITION

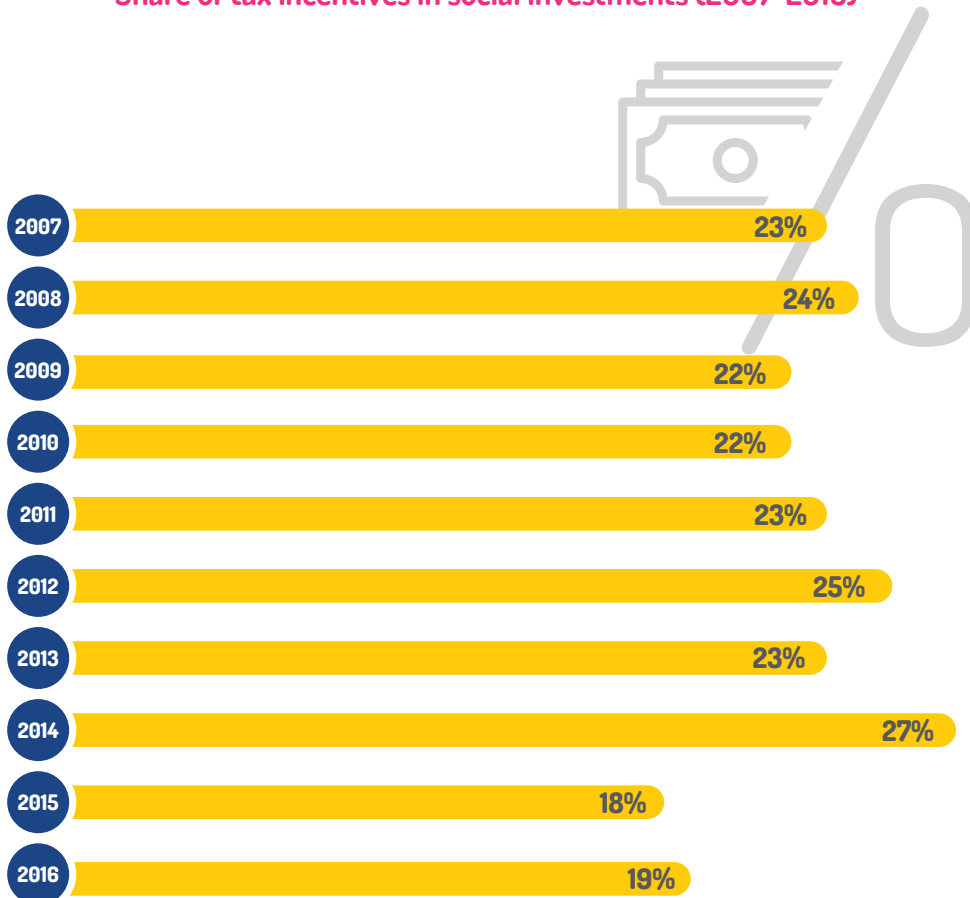
In six of the last ten years, the Brazilian standard for social investment was equal to or higher than CECP. However, in 2016, it dropped below that: 0.66% compared to 0.91%, respectively.



TAX INCENTIVES ARE IMPORTANT, BUT ARE NOT THE MAIN SOURCE OF FUNDING

Data confirms that social investments in Brazil are basically funded with the companies' own resources. The following results of the last two years stand out: the incentives accounted for a little less than 20% of the total invested by the BISC group. In 2016, the value of tax incentives was around R\$ 458 million, which in absolute terms corresponds to a 14% reduction in relation to the amounts invested in the previous year.

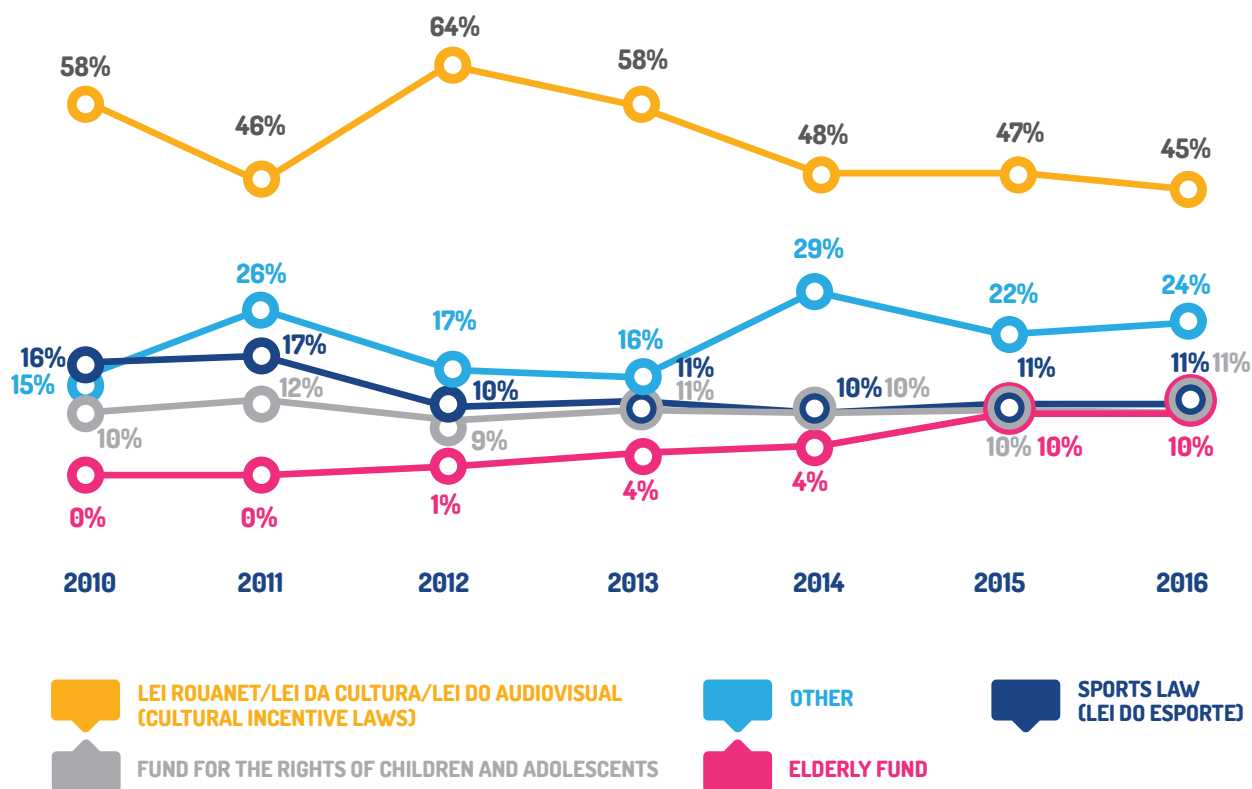
Share of tax incentives in social investments (2007-2016)



HIGHER SHARE OF OWN RESOURCES INVESTED IN CULTURAL PROJECTS

Traditionally, cultural incentives (tax deduction for investing in cultural projects) have been the most popular form of social investment for companies and are effective in encouraging companies to fund this area. However, these types of incentives have been losing ground to other incentives in the social field. It should be noted that this reduction has been compensated by the allocation of non-incentive resources in funding cultural projects: in 2010, companies' own resources accounted for only 17% of the total amount allocated to this area. By 2016, this percentage had risen to 54%.

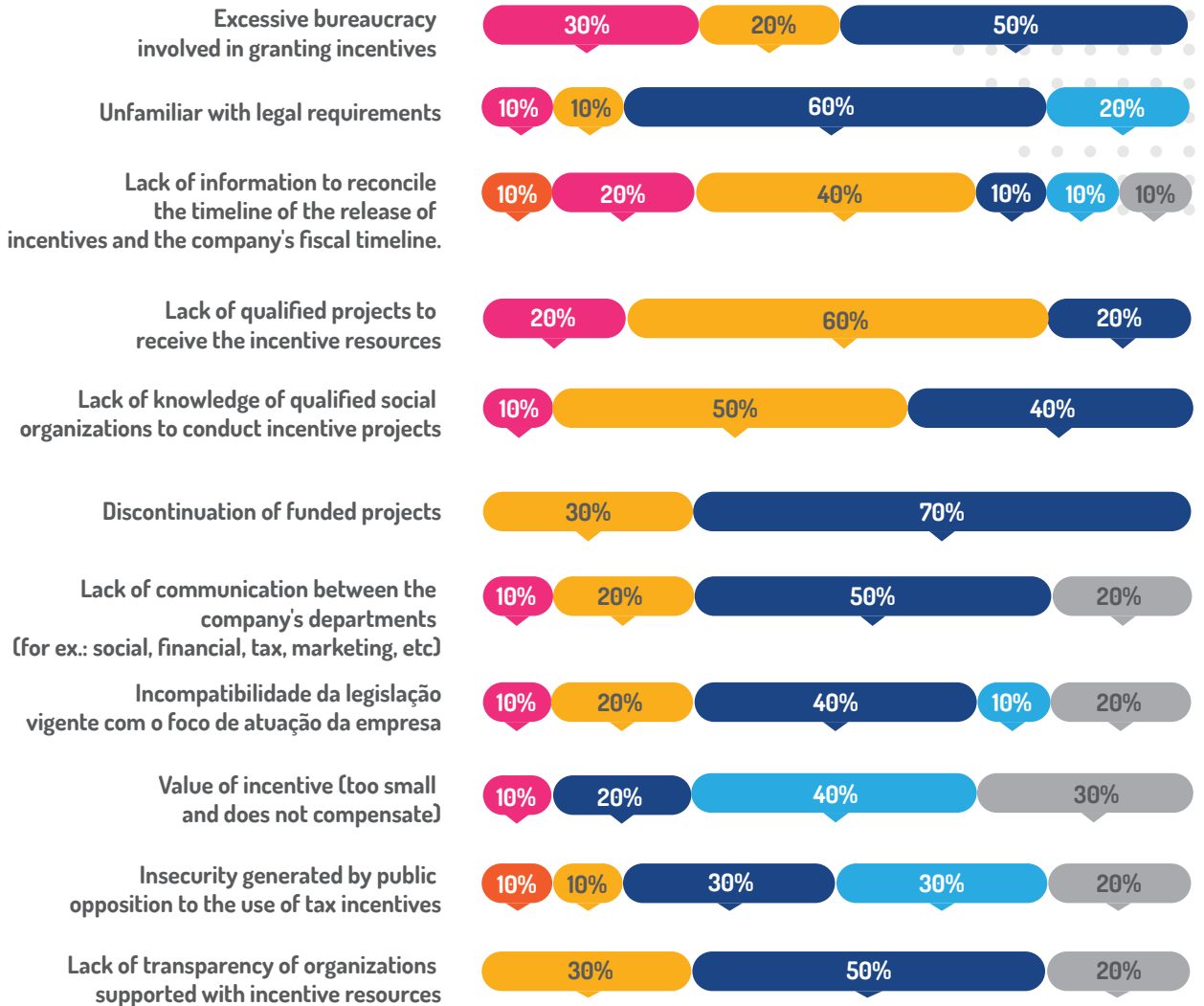
Types of incentive (in percentages)



REDUCTION OF THE SHARE OF TAX INCENTIVES IS NOT AN ISSUE OF ACCESSIBILITY

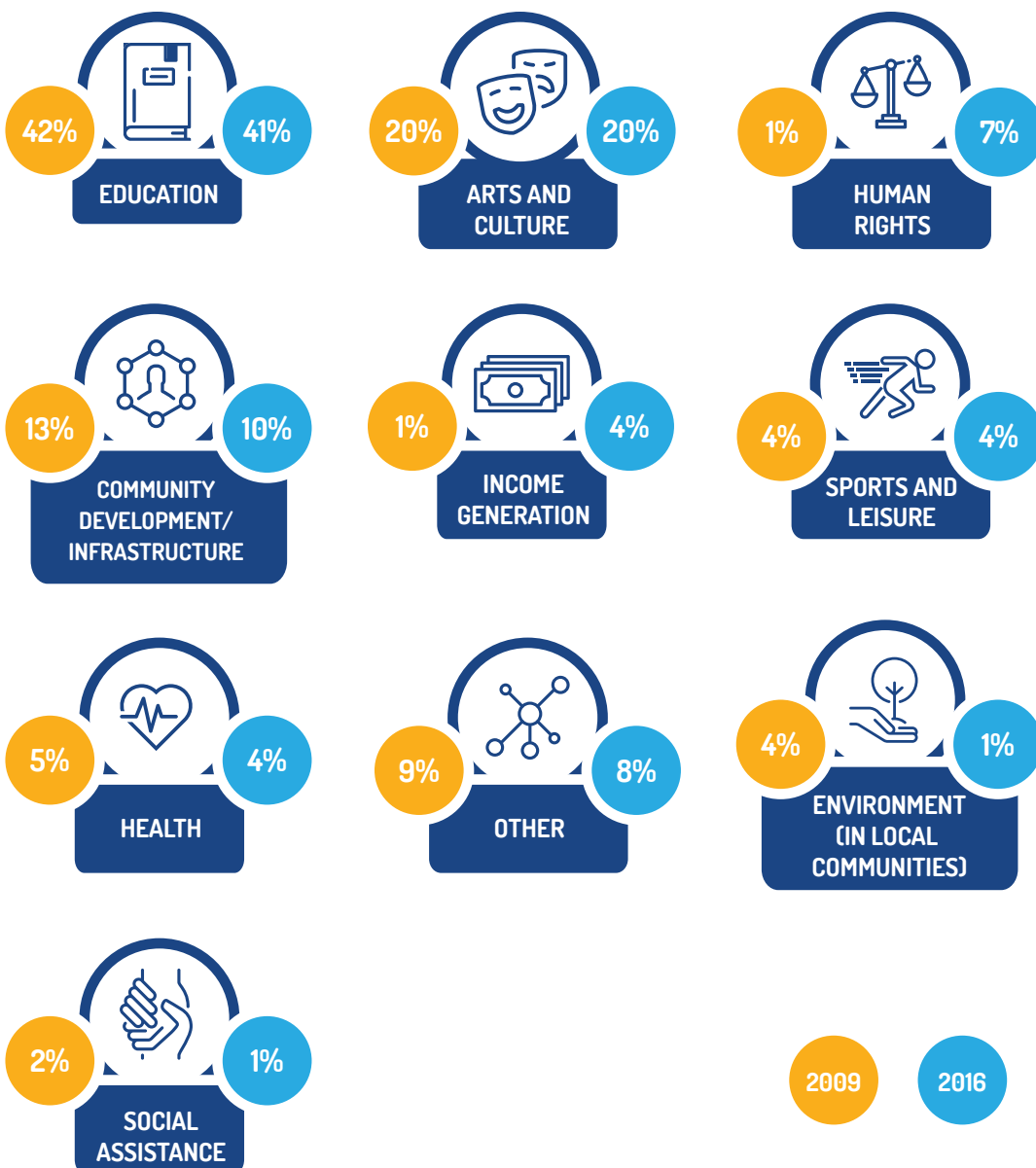
Most BISC companies do not identify any major difficulties in accessing tax incentives. The group notes that the biggest barrier in using these incentives is the lack of qualified projects and excessive bureaucracy, especially in the case of PRONAS and PRONON.

The main difficulties in accessing tax incentives



EDUCATION REMAINS A PRIORITY

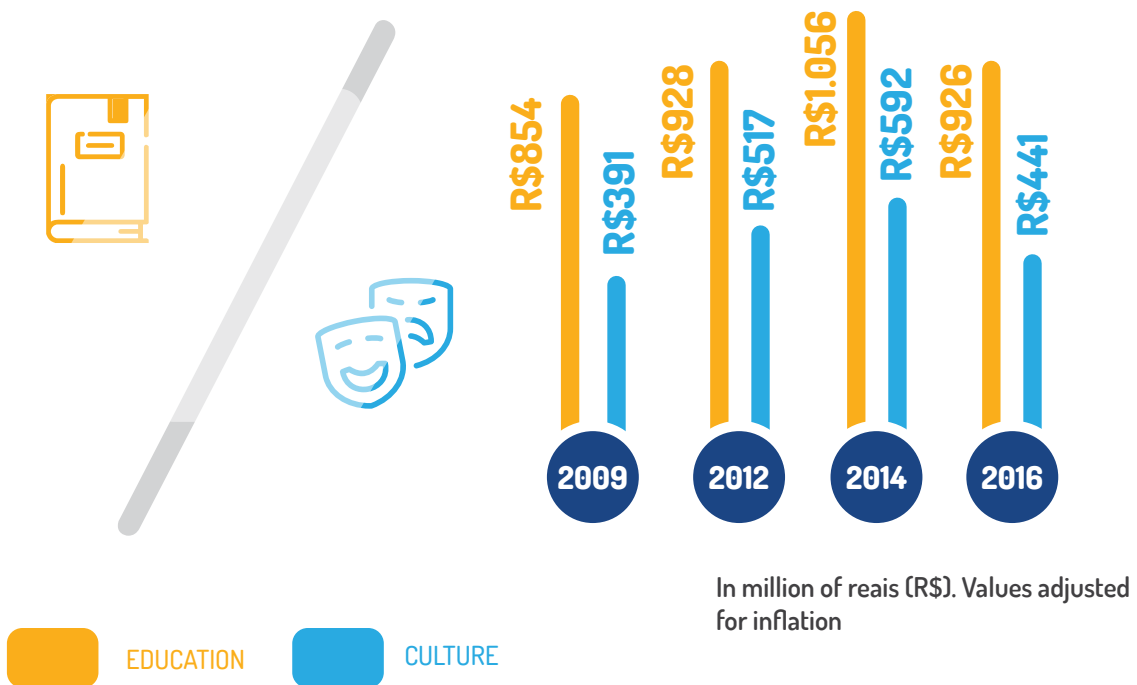
Companies, especially those in the service sector, prioritize investments in education, in the hope of contributing to the solution of social problems. This is reflected in the share of investments destined to educational activities, which represented around 40% of total investments by companies during the analyzed period. A very distant runner up is culture, which received around 20% of the total invested resources.



INVESTMENT IN EDUCATION MAINTAINS ITS LEAD RANKING

In 2016, companies invested R\$926 million in educational projects. Looking at the evolution of investments over the last years, we see an increase in education funding until 2014, followed by a decrease of 12%. However, investments in education are still twice as high as those in the culture.

How have investments in education and culture evolved?



CONSOLIDATION OF VOLUNTEER PROGRAMS

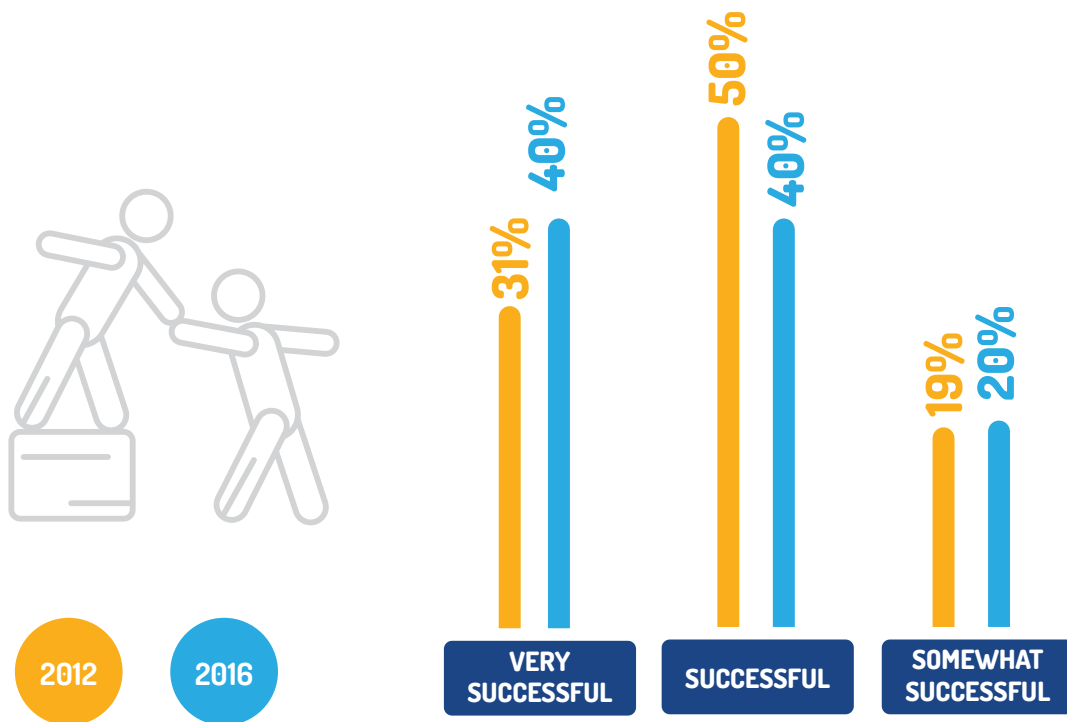
- In 2016, 69% of companies reported having at least one formal volunteer program, slightly less than the 76% reported in 2007.
- In the last ten years, the number of employees involved in volunteer programs has increased from 41,000 to 62,842.
- The share of employees in companies who participate in volunteer programs has remained around 10-12% over the past ten years.

1 CONSOLIDATION OF SOCIAL INVESTMENTS

- The investment in volunteer programs in 2009 was around R\$23.2 million, roughly double the amount of R\$11.8 million in 2016.

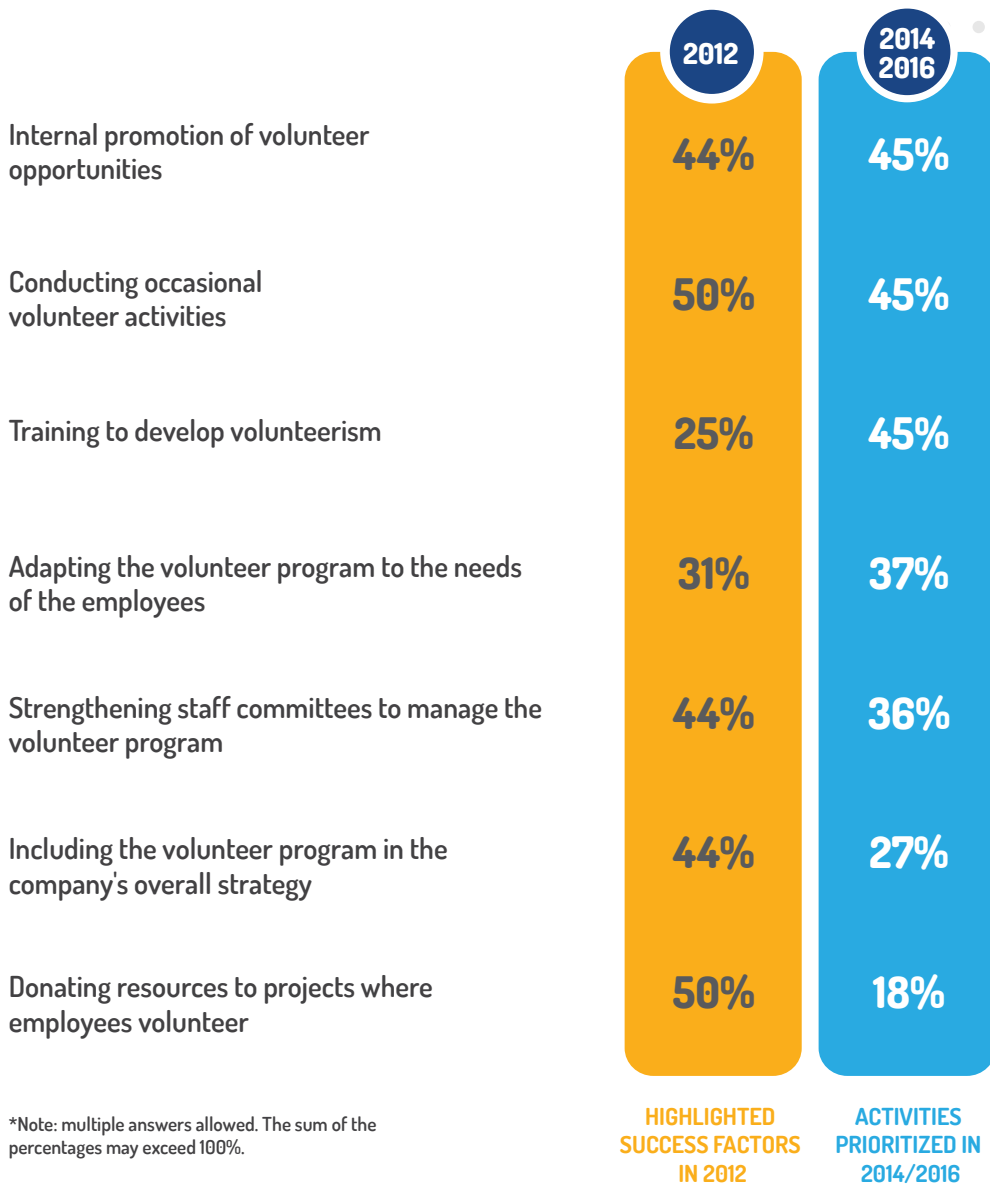
COMPANIES RECOGNIZE IMPROVEMENTS IN THE PROFILE OF VOLUNTEER PROGRAMS

There has been a growing awareness among companies that volunteer programs are very successful, although the results indicate the need for future improvements.



PROMOTING VOLUNTEERISM AND TRAINING EMPLOYEES ARE PRIORITIES FOR STRENGTHENING VOLUNTEERISM

When we compare the strategies that were identified as the factors of success in 2012 with the initiatives that companies have prioritized since then, we note that the group invested much more than the recommended amount in internal training for the development of volunteer activities and much less in donating resources to projects where employees are volunteering.



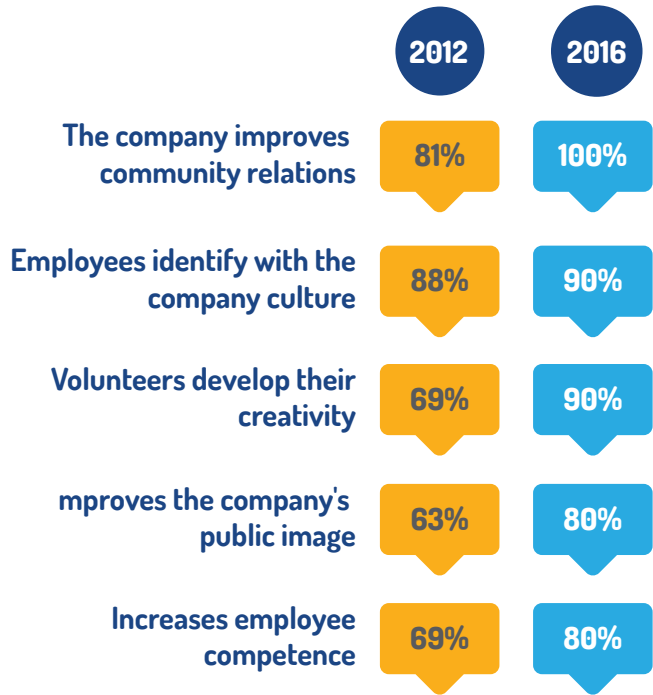
VOLUNTEER PROGRAMS ARE SEEN AS A WIN-WIN STRATEGY

There is a growing understanding that employees and companies also benefit from volunteer programs. Today, 100% of companies perceive that they contribute to improving community relations; in 2012, this percentage was 81%. On the other hand, 100% strongly disagree with the statement that volunteer work "does not bring benefits to employees" – in 2012 this percentage was 74%.

FULLY AGREE*



*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

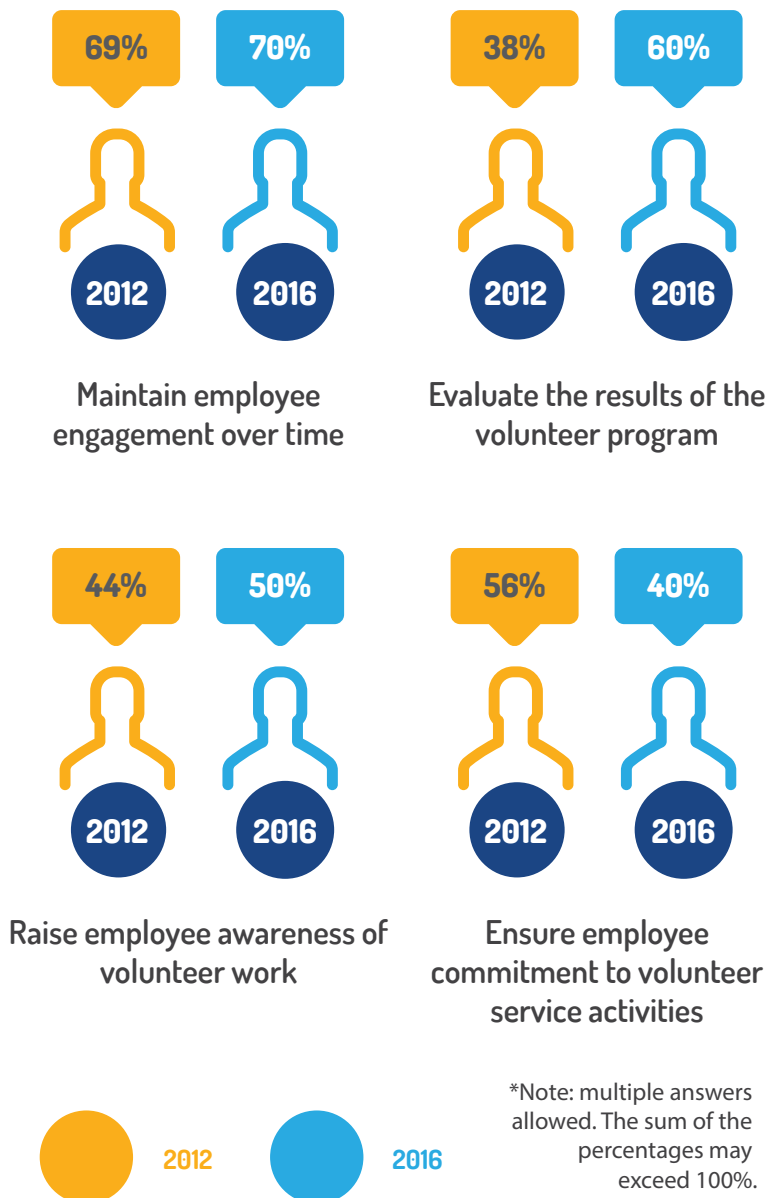


DISAGREE*

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

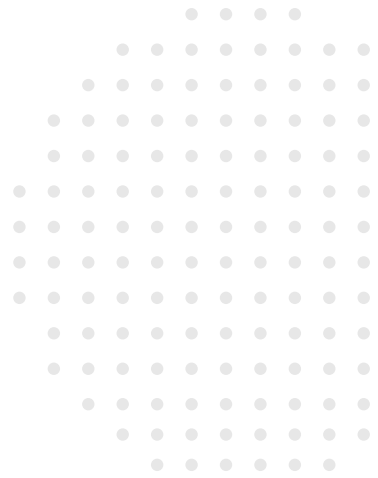
MAJOR DIFFICULTIES IN STRENGTHENING VOLUNTEER PROGRAMS - NOW AND A FEW YEARS AGO

Optimism about the results does not change the recognition of the difficulties faced in maintaining and strengthening volunteer programs. On the contrary, today, companies are more concerned about evaluating their social performance and clearly perceive a difficulty in measuring the results of volunteer work, for example.





**THE NEW ALIGNMENT
OF PRIVATE SOCIAL
INVESTMENTS**

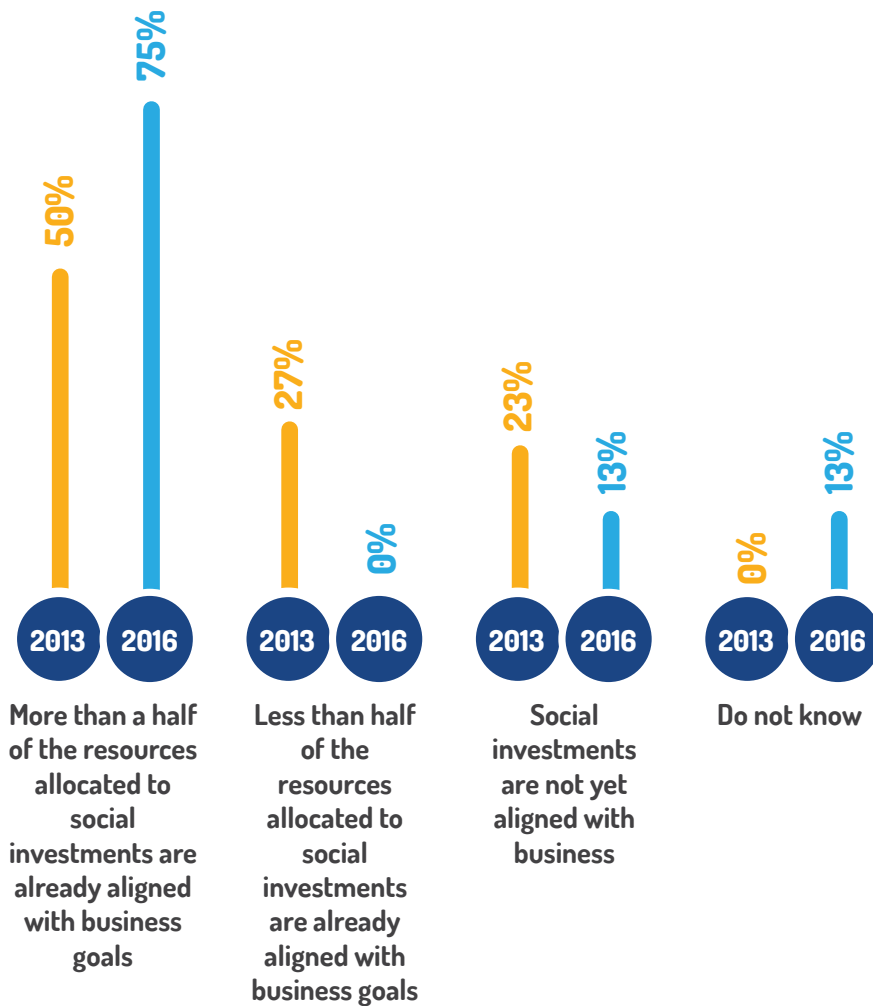


Less than two decades ago, most companies in Brazil had social investments that were unrelated to their business, independent of public policies and disconnected from global development agendas. It was a parallel activity, philanthropic and compensatory in nature. Over time, this culture has been abandoned and today we see a growing concern among corporations to find new dimensions and new meaning for their social performance.

GROWING ALIGNMENT BETWEEN SOCIAL INVESTMENTS AND BUSINESS GOALS

The process of aligning social investments with business has been accelerating in recent years: seventy-five percent of companies reported in 2016 that they invested more than half of their investments in social projects that are aligned with their business goals; in 2013, this was 50%.

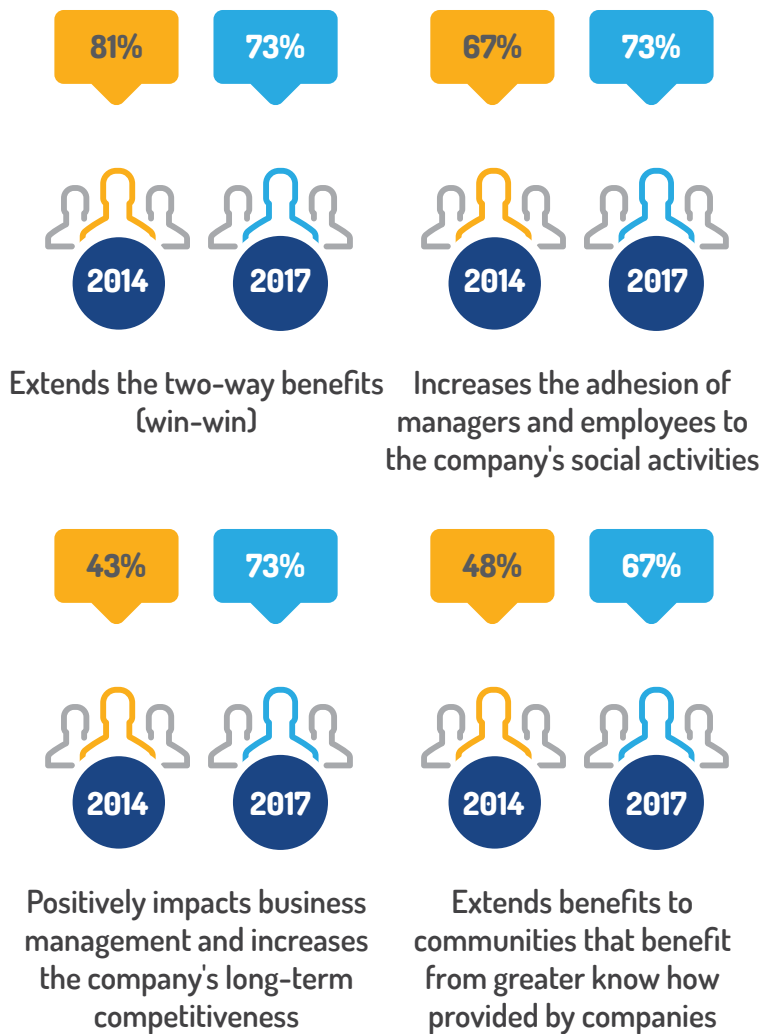
Share of investments in aligned social projects



RAISE AWARENESS OF THE BENEFITS OF BUSINESS ALIGNMENT

The experience gained in recent years has made companies more optimistic about the benefits of aligning social investments with business goals. Today, the absolute majority of companies fully agree with the assertion that a greater alignment with business objectives strengthens internal cohesion and is essential for the success of social investments.

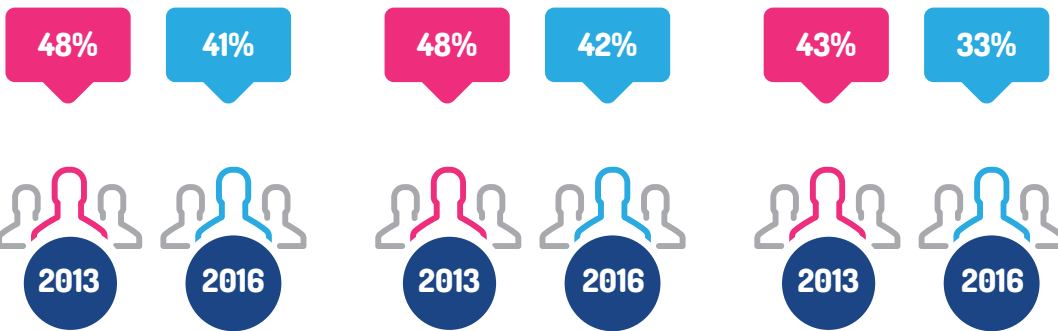
Key benefits of aligning social projects with business objectives



*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

MAJOR CHALLENGES FOR BUSINESS ALIGNMENT - NOW AND IN PAST YEARS

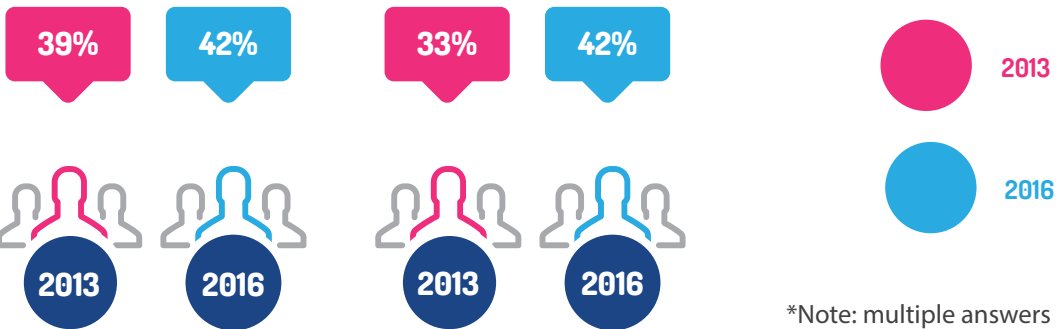
In general, companies now find it less difficult to align their social investments with their business goals. The exception is mainly when it comes to benefits of scale: currently, 42% of companies underline the importance of this challenge, compared to 33% in 2013.



Ensure that different units of the company commit to and support the alignment and incorporate social objectives into their business practices

Identify innovative and appropriate strategies that address the reality of the poorest communities

Adapt the organizational structure of the company to manage social projects aligned with its core business



Combine the profitability of social investments with guaranteed tangible benefits for communities

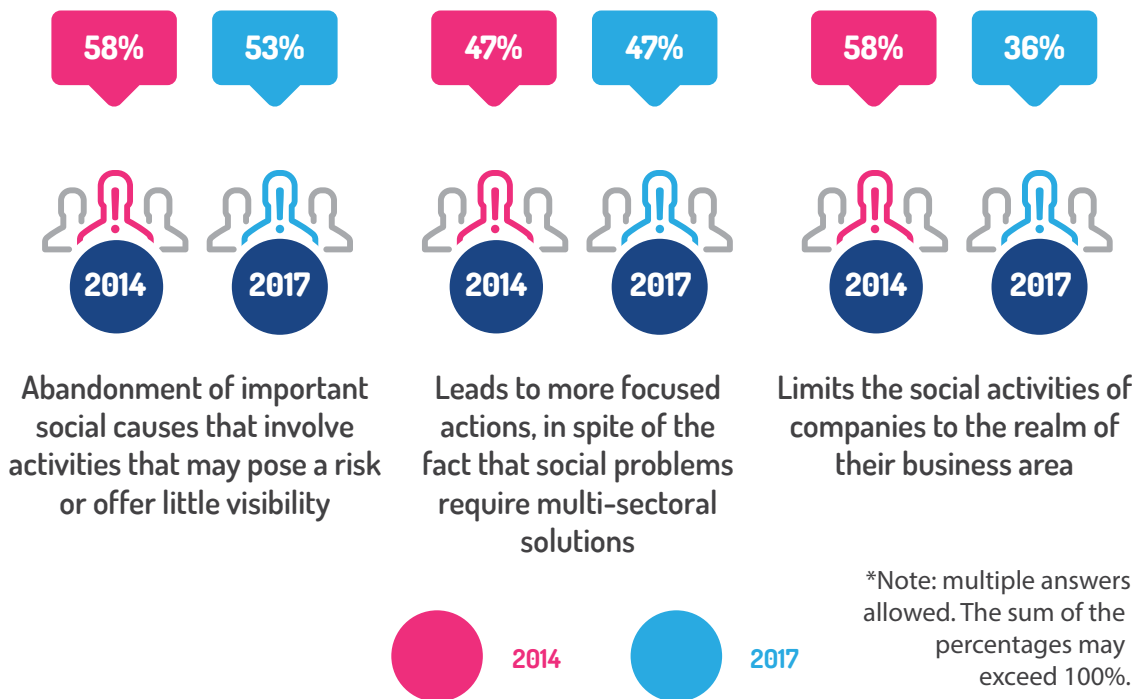
Ensure scale benefits in aligned projects

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

COMPANIES RECOGNIZE RISKS ASSOCIATED WITH BUSINESS ALIGNMENT

On the other hand, most companies also agree, totally or at least partially, that one must be careful to avoid the risks of restricting investments to activities that are of more direct interest to the company, to the detriment of social priorities.

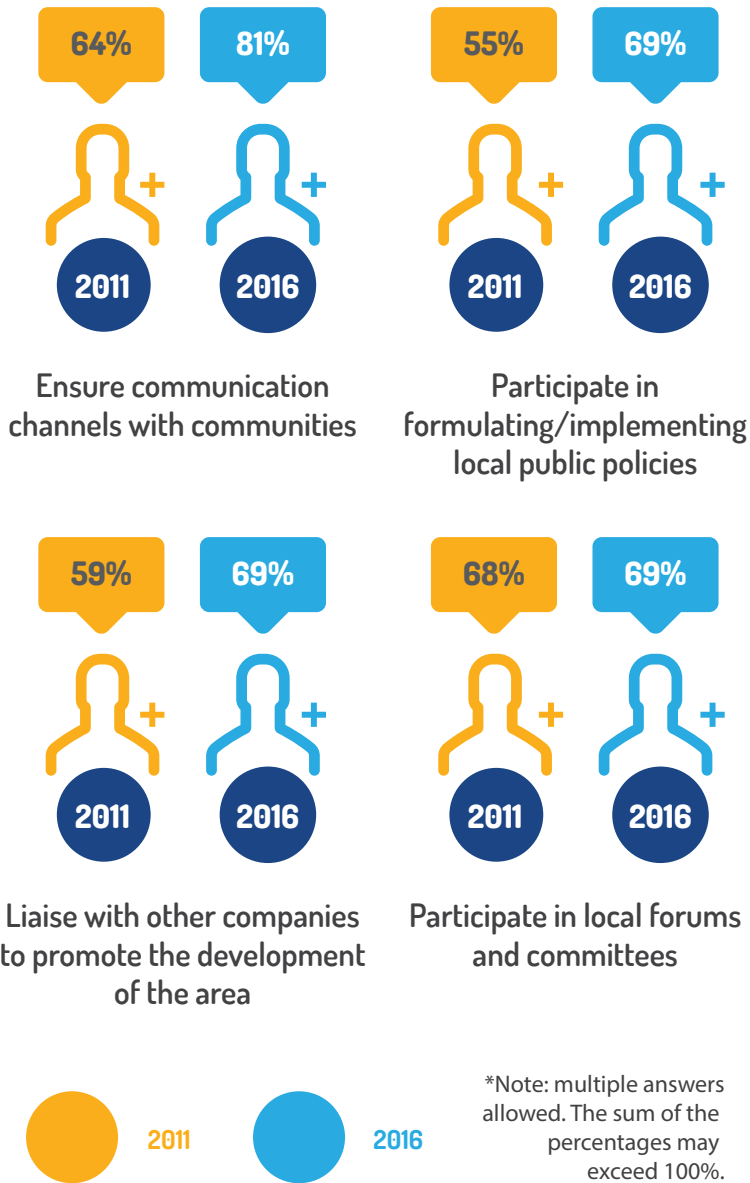
Main risks of aligning social projects with business objectives



ALIGNMENT WITH BUSINESS GOALS STIMULATES INVESTMENTS IN THE IMMEDIATE SURROUNDINGS OF COMPANIES

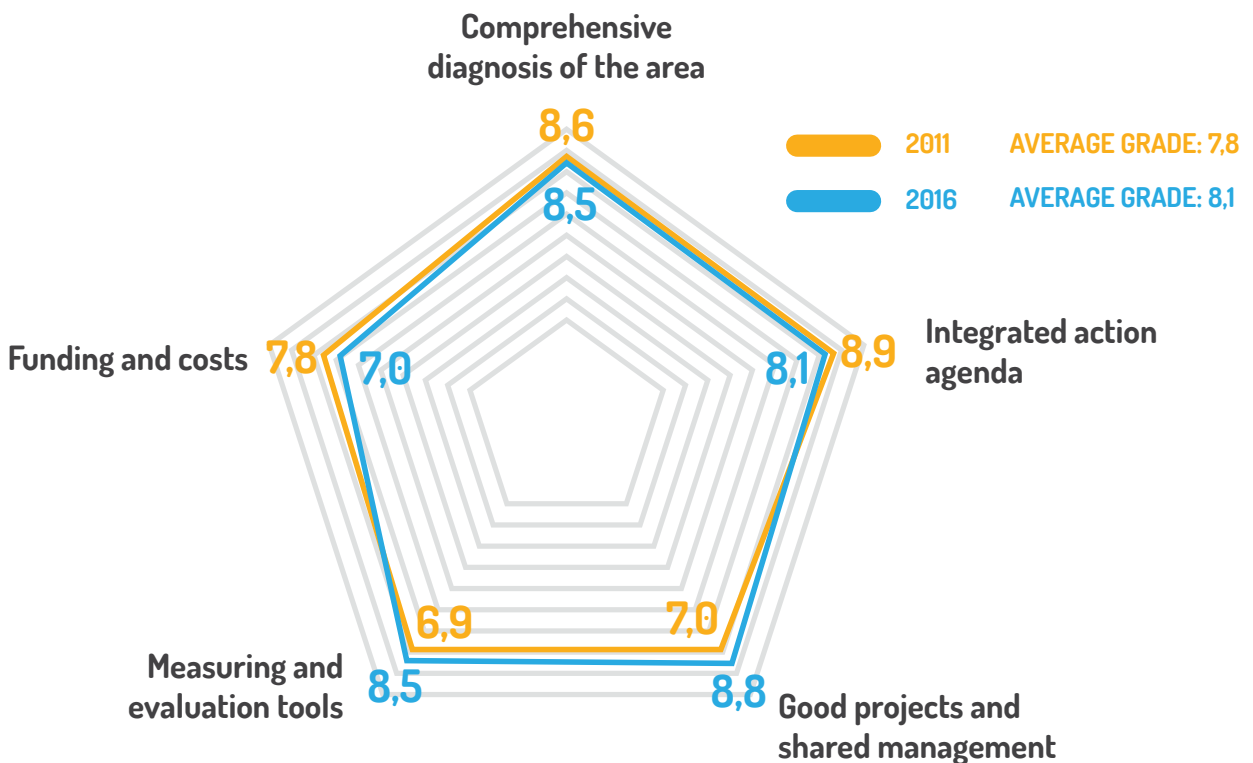
Business alignment is being reflected in the concentration of social investments in surrounding communities. The aim is to promote the development of the region and mitigate the external influences caused by economic activities. In 2011, 45% of companies reported developing projects based on this concept. In 2016, this percentage has risen to 75%. As a result of this change, companies are seeking to broaden the dialogue and develop a closer relationship with the communities, participate in local public policies and seek partnerships to share management of social projects.

Local networking strategies adopted by companies



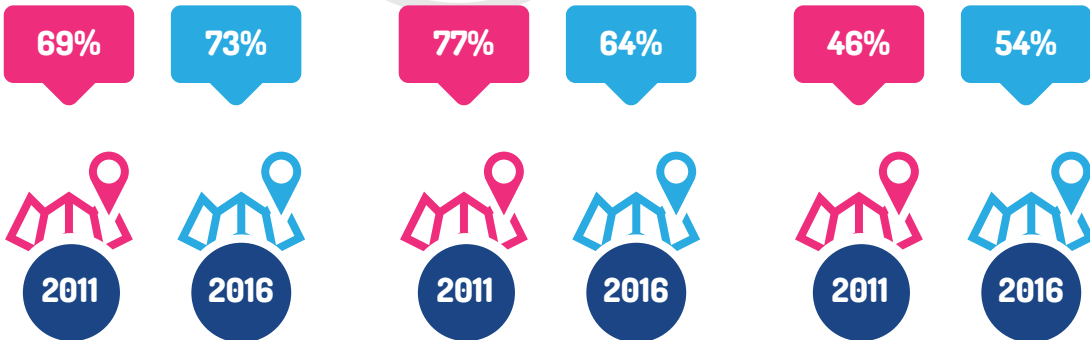
IMPROVES THE QUALITY OF LOCAL DEVELOPMENT PROJECTS

The efforts to improve local development projects are already reflected in the gains in quality: in 2016, these projects received an average grade of 8.1 on a scale of 0 to 10; in 2011, they received a grade of 7.8. Project design and shared project management saw the greatest improvements.



MAIN DIFFICULTIES IN ESTABLISHING LOCAL DEVELOPMENT PROJECTS - NOW AND A FEW YEARS AGO

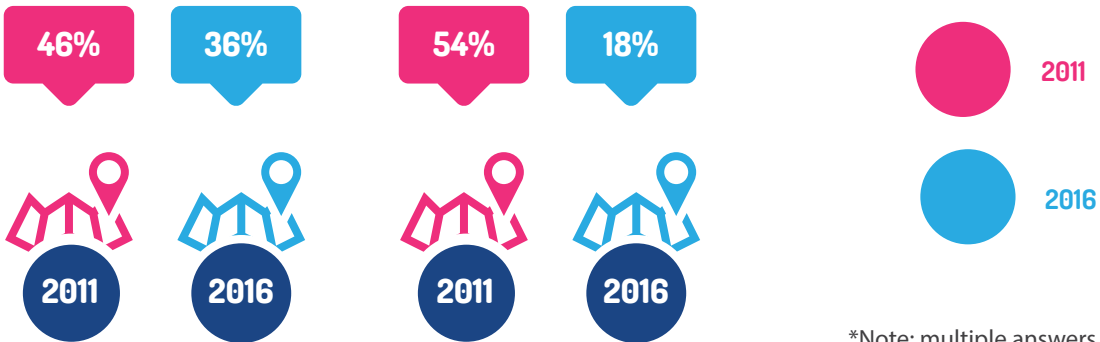
Despite the improved quality of projects, the difficulties in implementing local development programs remain high. The exception occurs in the following areas: liaising with local partners and establishing a participatory local development agenda. The percentage of companies that consider it very difficult to work collectively has decreased.



Measuring project results

Alignment with public policies

Ensuring project continuity



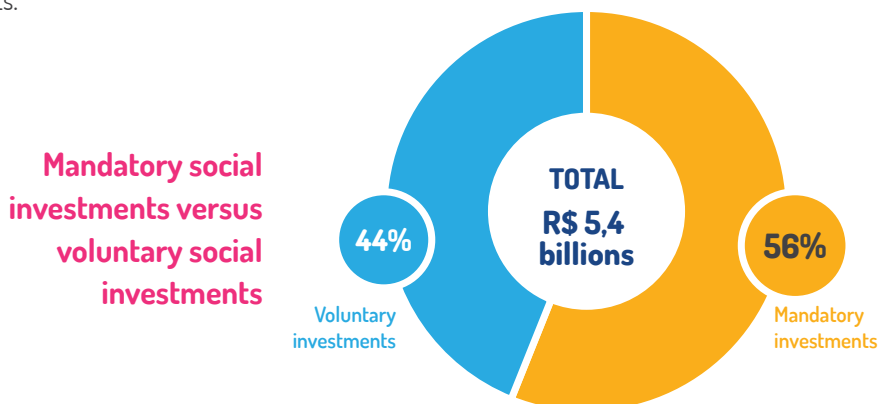
Collectively create a regional development agenda

Liaise with strategic local partners

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

INCREASED INTEGRATION OF COMPULSORY AND VOLUNTARY SOCIAL ACTIVITIES

- 75% of BISC companies develop social and environmental activities due to legal requirements. In 2016, the group invested R\$3 billion in these activities. These resources are matched only by those in the year 2012, which saw the highest investments throughout the analyzed period. Environmental activities traditionally absorb the lion share of the mandatory social investments.



- In the wake of the alignment between social investments and business goals, internal pressures are growing for a closer connection between voluntary social activities and those designed to comply with legal requirements for companies.
- Currently, 83% of the companies invest in both mandatory and voluntary social-environmental activities in the same areas. In 2010, this percentage was 62%.
- In 2016, all companies that developed voluntary and mandatory activities in the same area tried to have these activities complement each other. In 2011, about one-third of companies did not integrate these activities.
- Companies have started to train the teams in charge of social investments to promptly meet the demands of the areas that take care of the mandatory social commitments. However, these efforts have not yet been sufficient. Today, less than half of the companies (42%) consider these teams to be very well equipped. In 2013, this percentage was much lower: 21%.
- One of the challenges that has been noted in various editions of BISC is the difficulty in determining the right amount of resources to allocate for mandatory social activities. According to 50% of the companies, this situation has not changed in recent years.
- Despite recent efforts to evaluate mandatory social activities, this practice has only been adopted by 42% of the companies. In 2011, this percentage was even lower with 27%.

COMPANIES ADVANCE IN ALIGNING SOCIAL INVESTMENTS WITH PUBLIC POLICIES

67% of companies seek to work closely together with government organizations and align their social investments with public policies, primarily in the field of education and childcare. What does this alignment mean? It means that projects are designed and implemented in line with government guidelines, based on a systematic dialogue with government administrators and contribute to achieving the expected results of government policies.

Public policies prioritized by companies

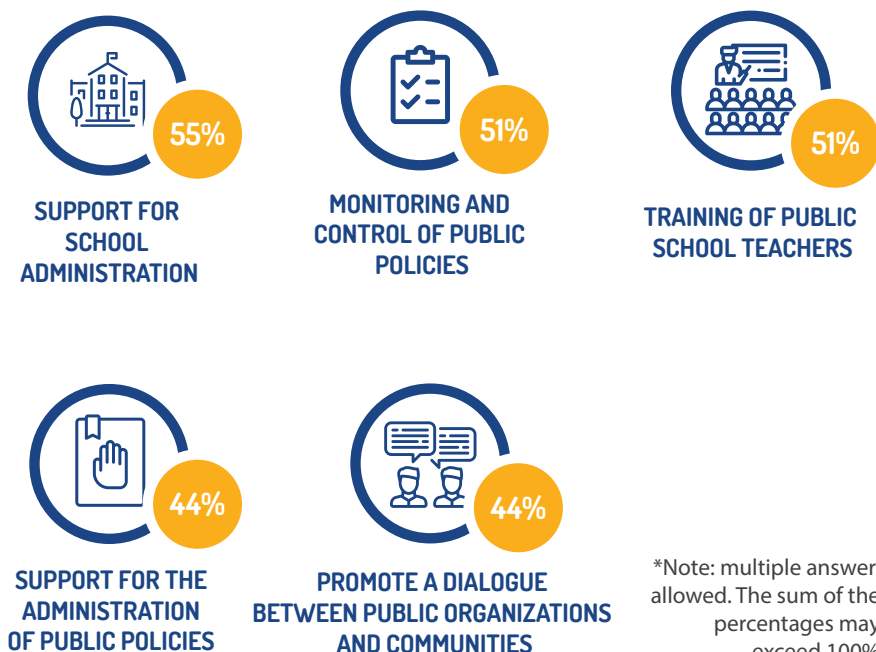


*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

COMPANIES COUNT ON SUPPORT FOR MANAGING PUBLIC POLICIES AT THE LOCAL LEVEL

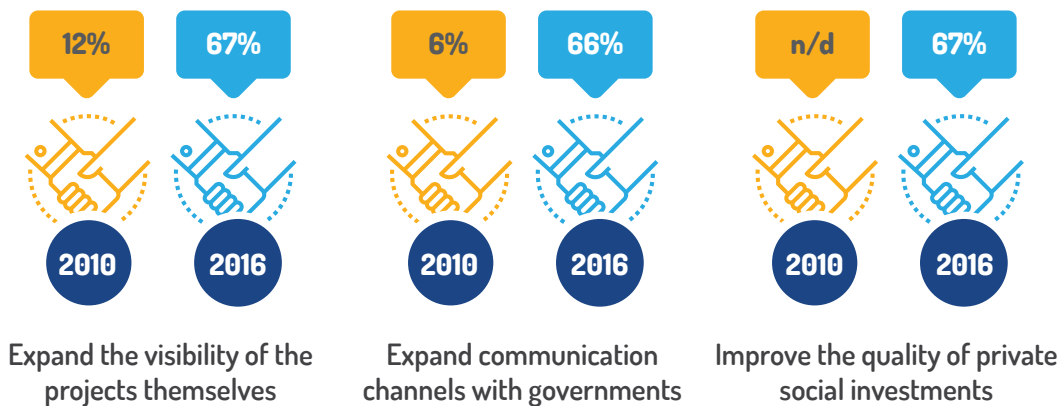
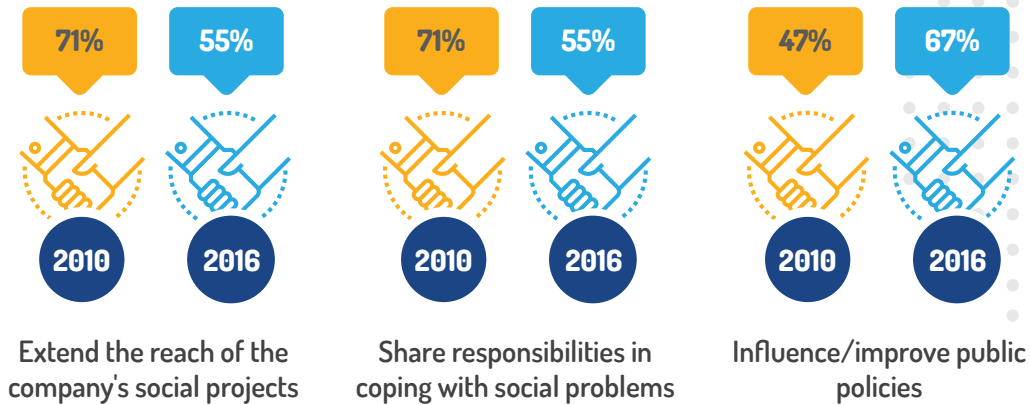
In order to contribute to public policies, about half of the companies stated that they expanded their activities in recent years to support local administration, train teachers and promote dialogue between government and community organizations. By liaising with other organizations, many companies find a window of opportunities to expand social control and increase access to government policies by local communities.

Main activities in support of public policies



BENEFITS OF PUBLIC-PRIVATE RELATIONSHIPS IN THE SOCIAL FIELD EXCEED EXPECTATIONS

When we compare the reasons that fostered public-private partnerships in 2010 with the perceived benefits in 2016, we note that this joint endeavor exceeded all expectations. For example, currently two-thirds of companies believe that their support to public policies increases the visibility and the quality of their social investments. Years ago, few companies would have recognized these benefits.



 REASONS FOR PARTNERSHIPS (IN 2010)

 PERCEIVED BENEFITS (IN 2016)

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

BROADEN RELATIONSHIPS WITH PUBLIC BANKS FOR SOCIAL DEVELOPMENT

In 2016, 67% of the BISC group companies (excluding financial institutions) received funding from federal public banks, and in 75% of cases, the contracts included funding for social projects. In 2011, these percentages were much lower: 50% and 14%, respectively.

Just over 40% of companies totally or partially agree that this funding enabled new and larger investments in the social field and contributed to the improved quality of social projects. Nevertheless, a large percentage of companies is unaware of the impacts of this joint effort.

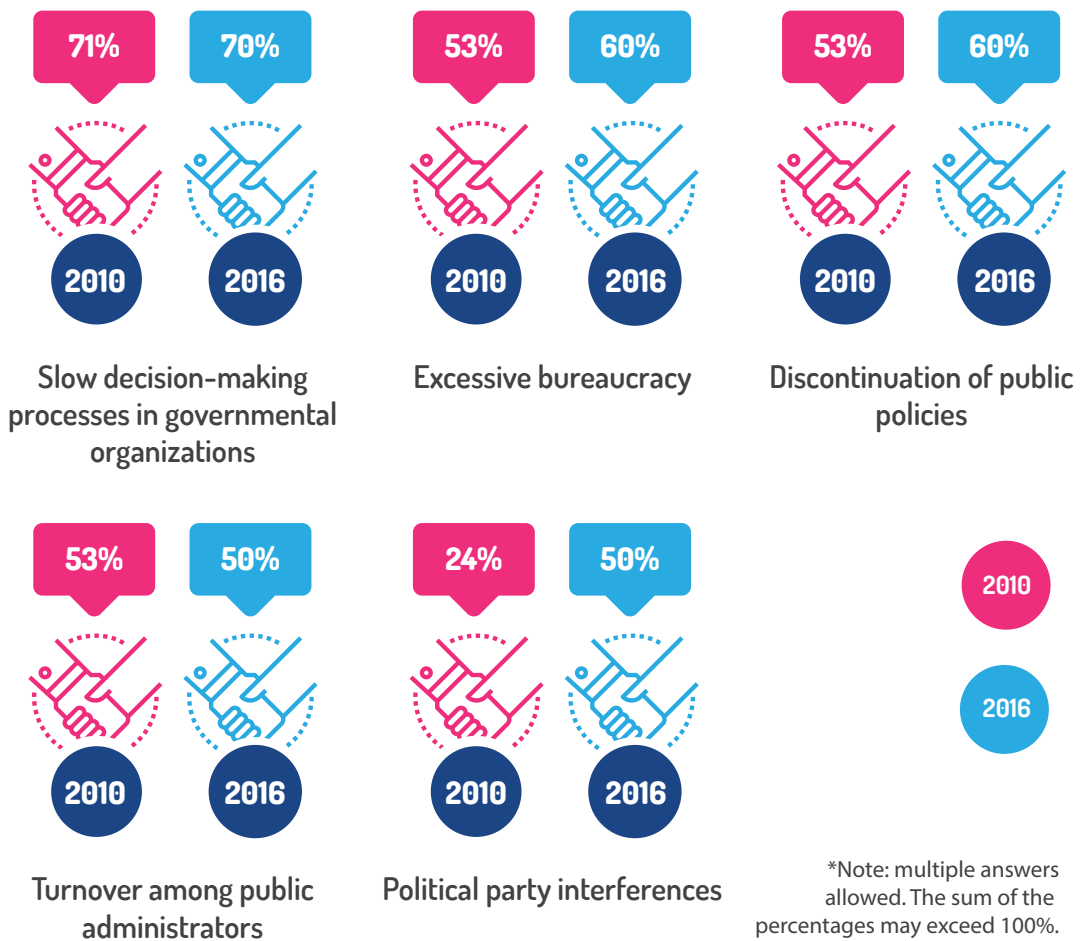
Contribution of public funding to social investments



● I TOTALLY AGREE
 ● I PARTIALLY AGREE
 ● I DISAGREE
 ● DO NOT KNOW

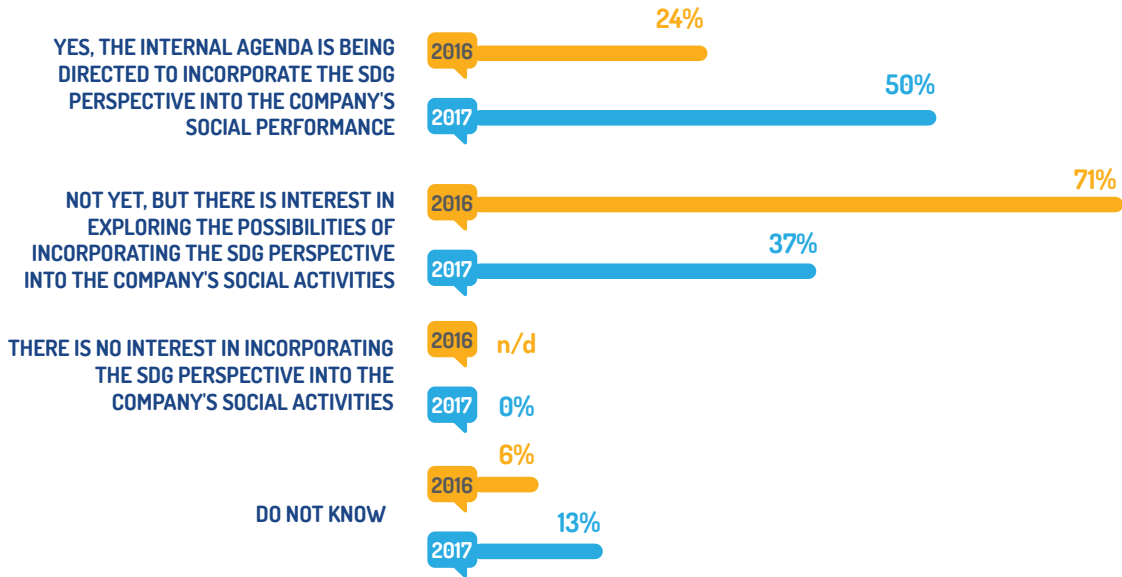
MAIN CHALLENGES FOR PUBLIC-PRIVATE PARTNERSHIPS: NOW AND IN THE PAST

Despite the positive assessment of the benefits of partnerships with government organizations, companies do not find that such joint collaborations have become easier over the years. On the contrary; in 2010 and 2016, they highlighted the same difficulties, and some of them are perceived today as being more serious.



GROWING INTEREST OF INTEGRATING SOCIAL INVESTMENTS WITH SDGS

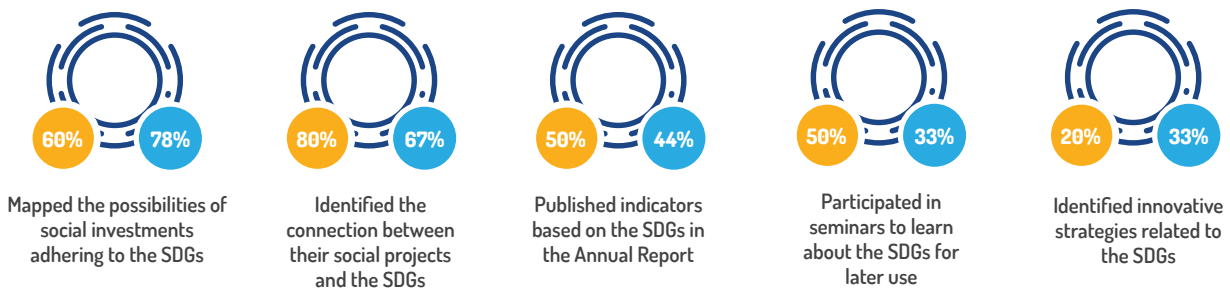
Between 2016 and 2017, the percentage of companies that incorporated the SDGs into their social action agenda more than doubled.



COMPANIES AND ORGANIZATIONS SEEK TO IDENTIFY CONNECTIONS BETWEEN SOCIAL INVESTMENTS AND SDGS

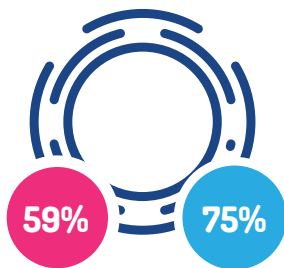
To incorporate the SDG perspective into their social investments, companies are initially focusing on mapping ongoing projects and identifying how they relate to the 17 Sustainable Development Goals set out in Agenda 2030.

Activities adopted to incorporate the SDGs

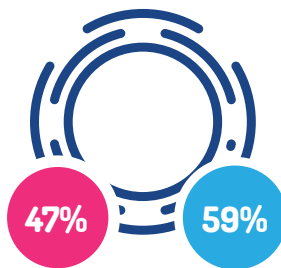


MAIN CHALLENGES OF INTEGRATING SOCIAL INVESTMENTS INTO THE SDGS

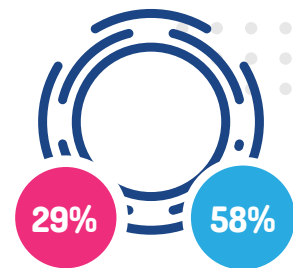
As companies seek to adopt the SDG perspective, there is a change in the perception of the major challenges. By 2017, companies are more concerned with the challenge of ensuring scale and, above all, refocusing ongoing projects to align them with SDGs.



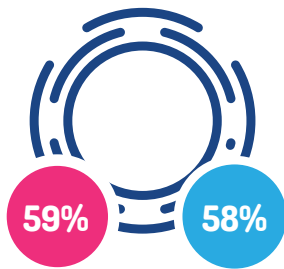
Ensure scale in social projects aligned with the SDGs



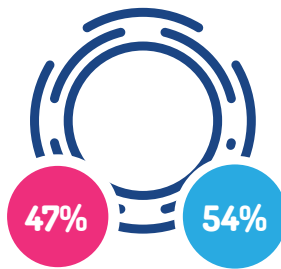
Make projects aligned with the SDGs a company priority



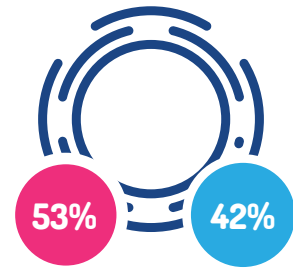
Refocus social projects for greater alignment with the SDGs



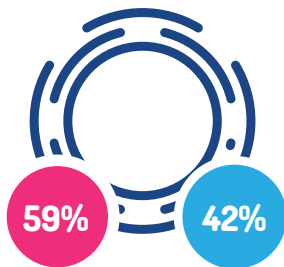
Ensure financial resources to invest in new projects



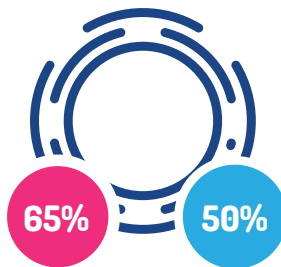
Define goals connected to the SDGs



Define indicators to evaluate results



Produce the information needed to measure results



Commit the support of different company departments to incorporating the SDG guidelines in business practice



*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

Timeline:

10 years of BISC



2008

Creation of the BISC (Corporate Social Investment Benchmarking)

inspired by the work of CECP, a New York-based group that brings together the most important international forum of CEOs committed to private social investment.

Establishment of a partnership with CECP, which enabled us to annually monitor the trends of corporate social activities and compile patterns of social investments in Brazil that can be compared internationally.



2009

Overview of the social programs

developed by BISC companies, in partnership with municipalities, state governments and the federal government.

Launch of the Comunitas/BISC project newsletter

dedicated to the theme of the impact of the global economic crisis on social investment.



2010

Expansion of the scope of the BISC to collect new data on social investments made as a result of legal or contractual requirements.

Implementation of qualitative benchmarking as a tool for conducting a self-evaluation of social projects.

Implementation of the practice of exploring, in each BISC edition, a special topic to address the themes that are relevant to private social investments. Special topic of the year: overview of which strategies work and don't work for managing social investments.

Organization of the first Meetings of Partners, which included the participation of social administrators, to present an overview of Corporate Social Investment in the U.S. and Brazil.

Launch of the online platform to monitor the annual BISC results on the part of the participating companies.



2011

Research on Best Practices to map out and systematize successful methodologies adopted in social projects.

Establishment of qualitative benchmarking indicators for education projects.

Special topic: the analysis of the experience of public-private partnerships in the social field was incorporated into the research.

Adoption of the initiative to conduct yearly interviews with the leaders and administrators of social investments to complement the information collected in the online survey.



2012

New analysis of the role played by public banks in stimulating corporate social investments.

Establishment of qualitative benchmarking indicators for local development projects, the result of partnership with the BNDES (The Brazilian National Development Bank).

Special Topic: the analysis of the relationship between companies and civil society organizations was incorporated into the research.

Inspired by the results of BISC, the Juntos Program is founded to improve municipal government administration.

First participation of BISC partner companies in the annual CECP seminar in New York.



2013

Formation of a partnership with FIRJAN, the Industrial Federation of Rio de Janeiro, which makes it possible to analyze the contributions of employers in stimulating private social investments.

Analysis of social investments abroad by Brazilian companies, contributing to CECP's effort to learn more about corporate social activities around the world.

Dissemination of the BISC results to strengthen social investments in small municipalities in the northeast, mid-west and south of Brazil. In partnership with the BRF Institute, "Roundtable Discussions" were organized with relevant local stakeholders (businesses, employer organizations, trade unions, social organizations and others).

Special Topic: in-depth analysis of the profile, scale and results of corporate volunteer programs.

Interview with managers of partner companies to collect suggestions for adjusting and improving the BISC tool.



2014

Encourage the participation of companies of the BISC group in "The Global Guide to What Counts", a CECP publication that strives for a global standardization in the analysis of corporate social investments.

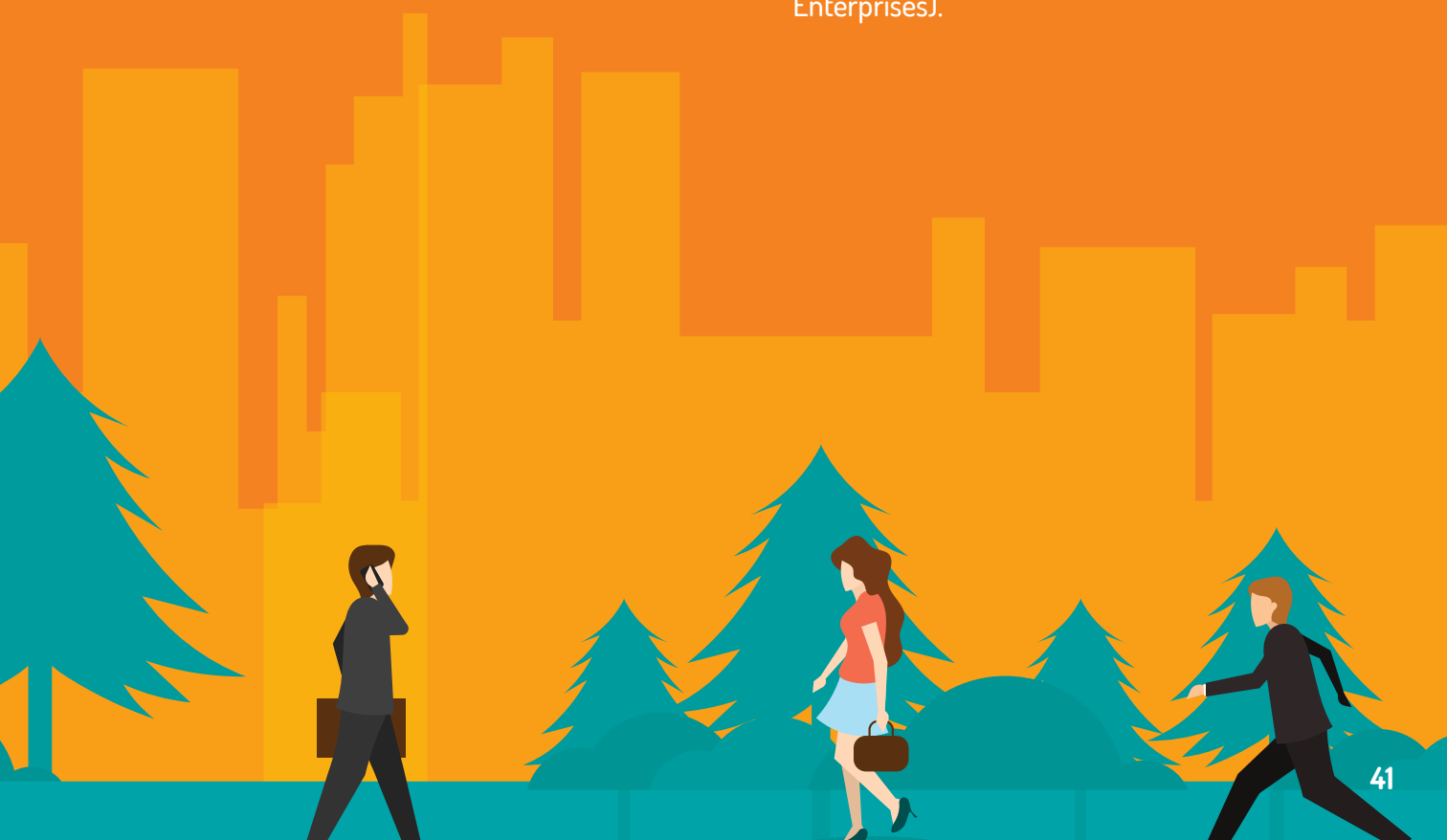
Participation of BISC partners on the Board of Boards – a CECP meeting with more than 50 CEOs and global business leaders to reflect on the role of the corporate sector in addressing social problems.

Reformulation of the questionnaire, based on the suggestions of the partners, to transform it into a tool to support the management of social projects.

Implementation of a database with information on civil society organizations supported by BISC companies.

Special Topic: analysis of new social investment trends.

Consolidation of the results of social investments collected from the BISC group and CENSO GIFE, through a partnership with GIFE (Group of Institutes, Foundations and Enterprises).





2015

Special topic: analysis of the transformations that are taking place in social investment management, taking into account the trends that have been identified in the previous edition of the study.

Partnership with the Institute of Corporate Citizenship (ICE) to address the theme of social enterprises with great impact.

Implementation of the BISC Discussion Group, with the objective of promoting the exchange of experiences and collecting contributions to improve the way private social investments are conducted.

The first activity of the BISC Discussion Group focused on analyzing the experiences of successful partnerships and identifying the boundaries between philanthropy, social investment and social business.

Preparation of individual reports with information to compare the performance of one specific company with the entire BISC group and with participants from the same economic sector.

Upon the initiative of CECP, Comunitas and organizations from six different countries established the Global Exchange network to exchange trends, research, studies and tools on corporate social investment around the world.

Presentation of BISC results at the annual CECP seminar in New York at a panel with representatives of the UN Global Compact, with a focus on the agenda for implementing the Sustainable Development Goals.



2016

Special Topic: integration of social investments into the Sustainable Development Goals.

Technical cooperation agreement with the United Nations Development Program (UNDP) and the creation of a contact network with the Public Agenda, the Center for Sustainability Studies (GVCES) and the Brazilian Council on Corporate Volunteerism (CBVE), to analyze the themes of the 2030 Agenda for Sustainable Development.

Establishment of a partnership with the Brazil Network of Global Compact, which encouraged the companies of the Brazilian Committee of Global Compact (CBPG) to participate in BISC.

Analysis of the advances made and challenges found in developing the professional skills of the management teams of social projects, through a joint endeavor with the São Paulo School of Business Administration of the Getulio Vargas Foundation (FGV-EAESP).

Implementation of qualitative benchmarking indicators to evaluate projects developed in partnership with government and non-governmental organizations, following the recommendations of the Discussion Group.



BISC 10

2017



Publication of a special edition to celebrate ten years of BISC, emphasizing the changes in the profile of the group's performance in this decade, the paths taken, current difficulties and the challenges that lie ahead.

The activities of the BISC Discussion Group focus on evaluation methodologies to assess the return on social investments.

Adoption of the initiative to broaden the dissemination of BISC, by presenting the results in several relevant forums, such as: the CNI Social Responsibility Council; the Brazil Network of the Global Compact; the Social-environmental Responsibility Committee of the Central Bank of Brazil; the Industrial Federation of Rio de Janeiro (FIRJAN); the Network of Social Investors (RIS) of Curitiba; the Brazilian Business Council for Sustainable Development (CEBDS), in addition to the seminar "Dialogue of the Private Social Investment Sector and the SDGs in Brazil" promoted by the UNDP and the Local ID workshops, carried out by GVCES/FGV.

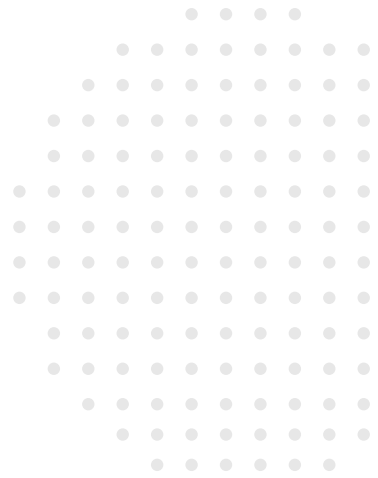
The BISC results are presented in the Giving Around the Globe Webinar.



3



**A TURNING POINT
IN HOW WE CONDUCT
SOCIAL INVESTMENTS**

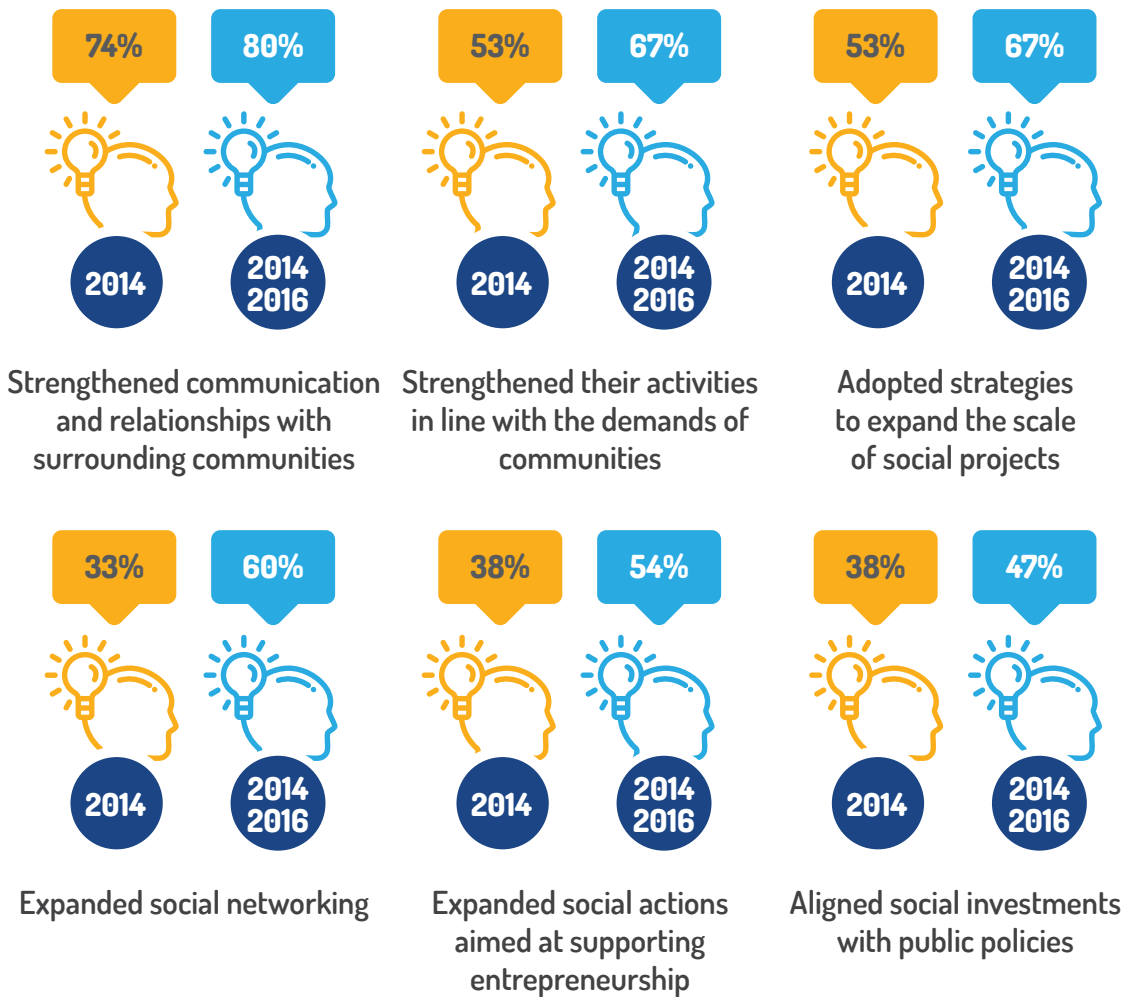


The last decade was marked by a change in how we conduct social investments. The period is characterized by the rejection of isolated, fragmented and paternalistic actions in favor of organized activities that provide structure. Focus, criteria, scale, dialogue, participation, innovation, partnerships, professionalization and results have become the focus of the BISC group. All this has gained renewed importance in the light of the economic downturn in recent years. "Doing more with less" is today's great challenge for the teams in charge of social investments.

COMPANIES AND INSTITUTIONS PRIORITIZE MANAGEMENT PRACTICES THAT RESPOND TO NEW TRENDS IN SOCIAL INVESTMENTS

Over the past three years, companies have turned their attention to those activities that foster a closer relationship with communities, expanding the reach of their service, and encouraging entrepreneurship. These objectives had already been identified in BISC as demands of business leaders and today's results indicate that the group has focused its efforts in this direction. The institutions/foundations played a fundamental role here, acting as a link between the company and other external actors.

Company initiatives to improve social practices



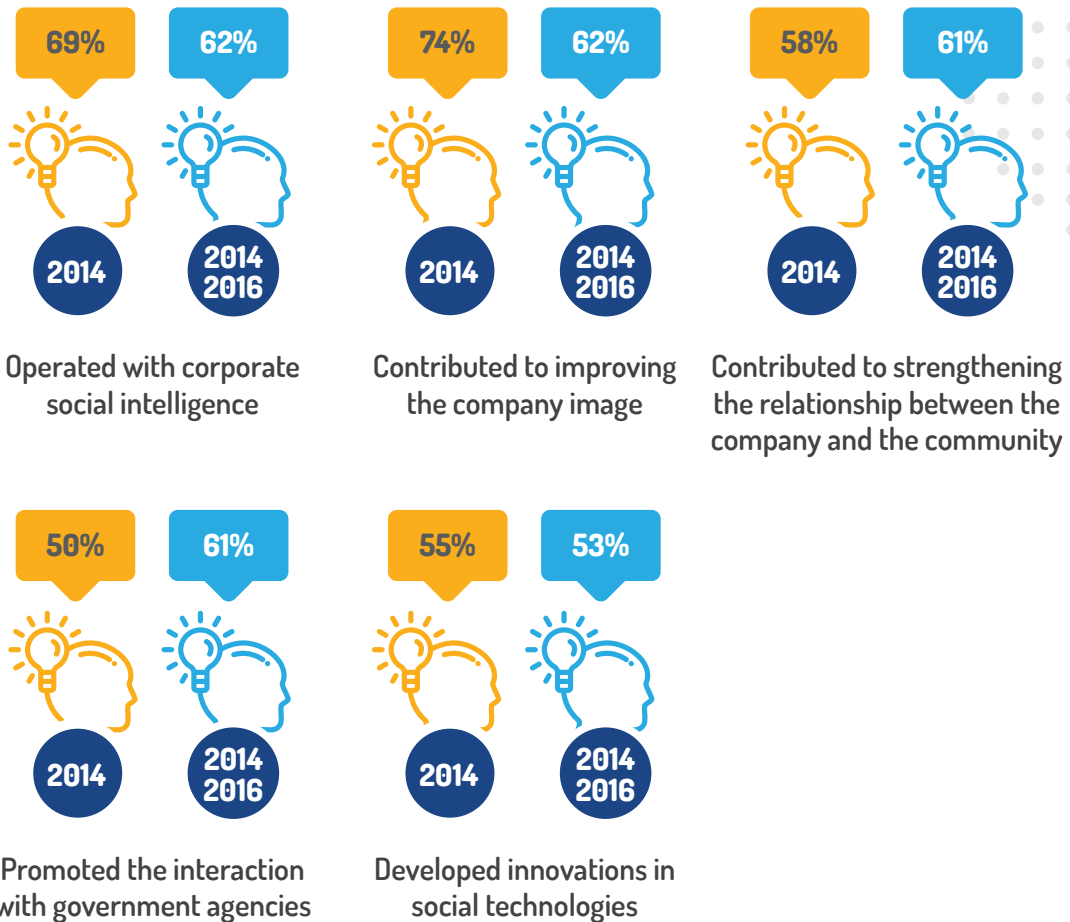
**PRIORITY OBJECTIVES
(INDICATED IN 2014)**



**PRIORITY ACTIVITIES
(2014/2016)**

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

Initiatives adopted by the organizations to improve social practices



PRIORITY OBJECTIVES (INDICATED IN 2014)

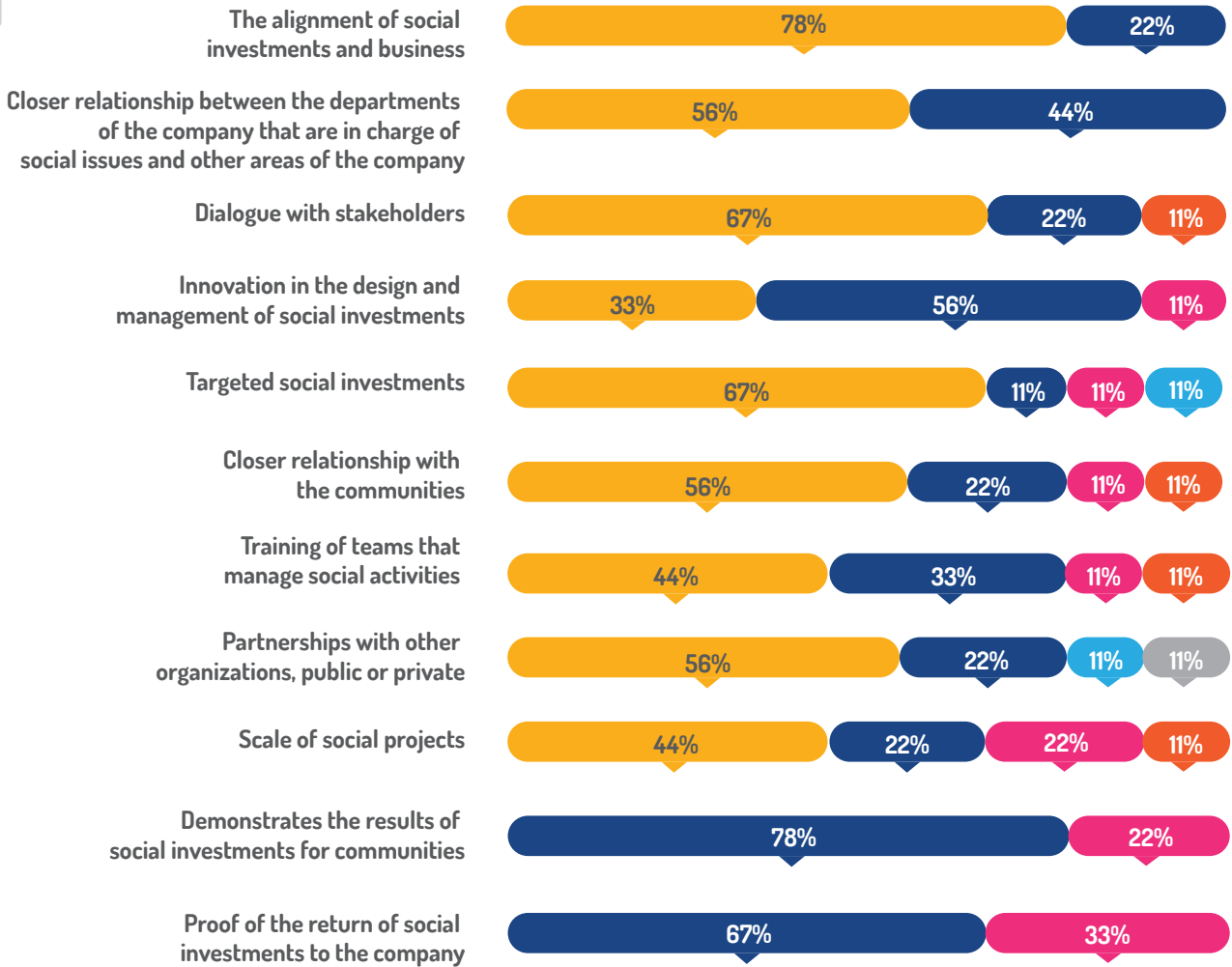
PRIORITY ACTIVITIES (2014/2016)

*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

COMPANIES REAP THE BENEFITS OF CHANGES IN SOCIAL INVESTMENT MANAGEMENT

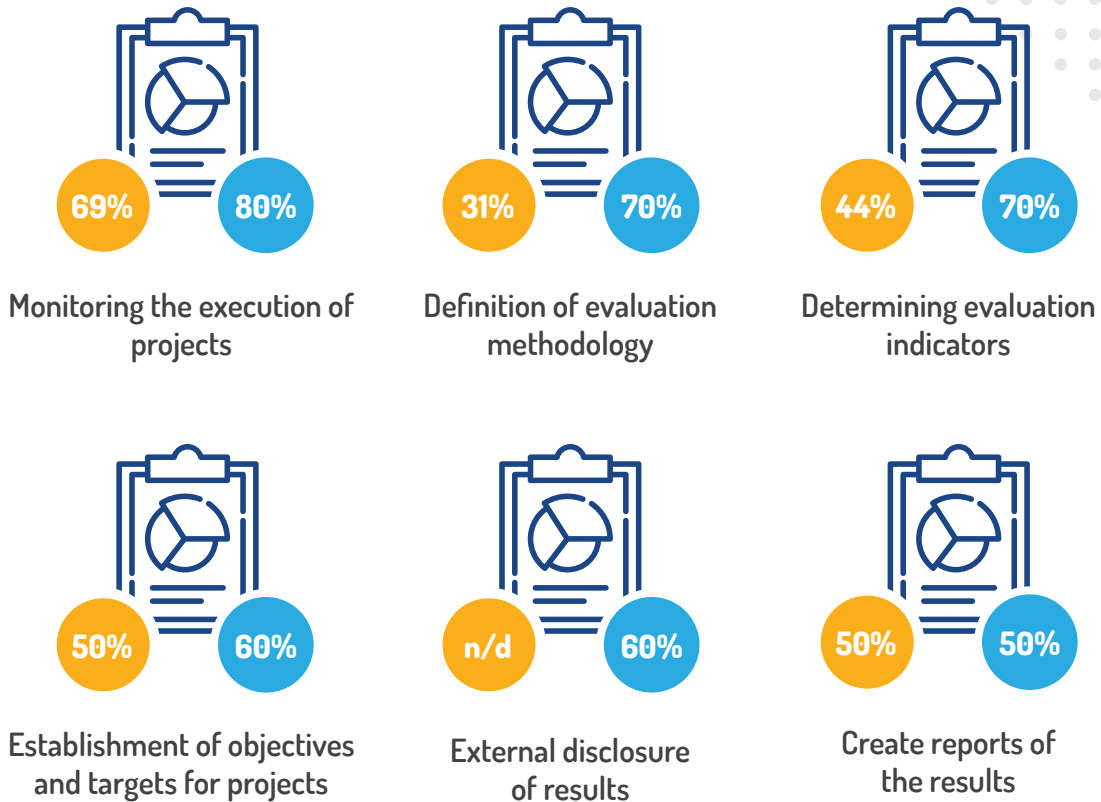
Advances in the management of social investments can be seen in different aspects. Compared to ten years ago, most companies emphasize that there is much more dialogue with stakeholders and communities, stronger partnerships with other public and private organizations, as well as greater adherence of social investments to business (more focus and greater integration of internal teams). Today's challenge is to improve the measurement of the generated impacts.

Changes implemented in the conduct of social investments in the last ten years



THE CONCERN WITH THE EVALUATION OF SOCIAL PROJECTS

- 79% of companies and 89% of institutions stated that they evaluate all, or at least part of, their social projects.



2011

2016

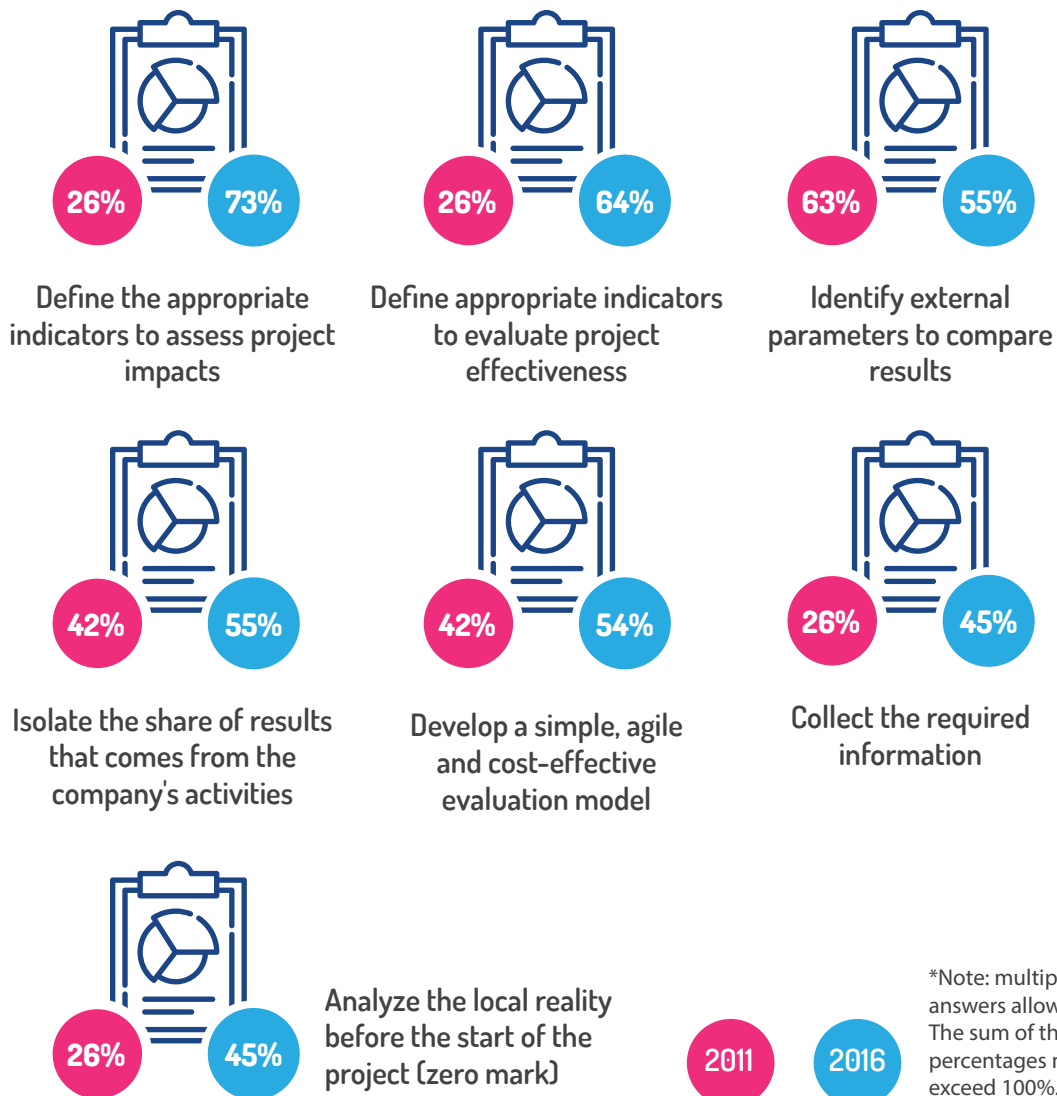
*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

- In 2016, R\$5.5 million were dedicated to evaluations. However, this figure may be underestimated as many companies did not share such information.
- Between 2011 and 2016, companies invested in monitoring social projects and defining evaluation methodologies, but they are still not happy with the return of the work that has been done: only 33% of companies fully agree with the assertion that evaluations provide a satisfactory measurement of the projects' achievements and only 18% of them believe that these evaluations satisfactorily measure the social transformations generated by social investments.

GROWING AWARENESS OF THE INHERENT DIFFICULTIES IN THE PROCESS OF EVALUATING SOCIAL INVESTMENTS

Measuring the results and impacts of social investments continues to be a major challenge for the group. It is interesting to note that as companies advance in the field of evaluation, the perception of the challenges grows: a much higher percentage of companies note they have difficulties to define the best indicators to use, collect the necessary information and measure the contribution in social advances.

The main challenges in evaluating social projects

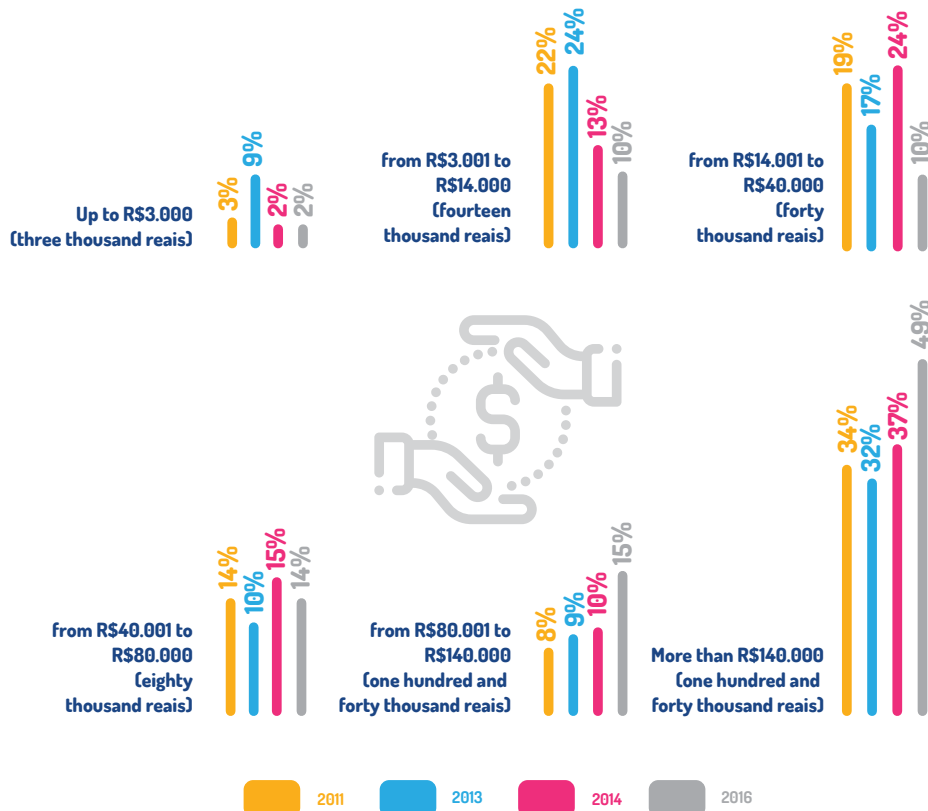


*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

CHANGES IN THE RELATIONSHIP WITH NON-PROFIT ORGANIZATIONS

- Virtually all companies involve nonprofits in the implementation of social projects and this continued throughout the period analyzed by BISC.
- Nevertheless, several changes can be observed in these relationships. About two-thirds of the companies report that they are increasingly fostering a closer relationship with organizations that develop activities more closely aligned with the business objectives, that are widely recognized for their expertise in their field and/or located near the company.
- The amount of resources dedicated to non-profit organizations has fluctuated in recent years; in 2016, it was around R\$512 million. - an increase of 41% compared to 2011.
- Despite the increase in resources, there was a decrease in the number of organizations supported. In 2011, the companies of the BISC group supported 1756 organizations. In 2016, this number fell to less than half: 810.
- In 2016, the funding profile also changed: the proportion of organizations that received contributions over R\$140,000 grew significantly. Before, a third of the organizations received that level of funding, but by 2016 this percentage had risen to 49%.

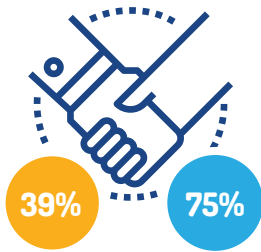
Value of resources donated to non-profit organizations



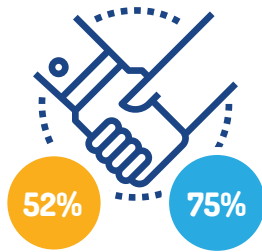
COMPANIES OBTAIN BETTER RESULTS FROM THEIR PARTNERSHIPS WITH NONPROFIT ORGANIZATIONS

The changes in the relationship with nonprofit organizations are reflected in the level of satisfaction with the results obtained. We see that companies today evaluate their relationships much more positively. For example, nowadays two thirds of companies feel that these partnerships are aligned with public policies - in 2011, only 9% of companies felt this way.

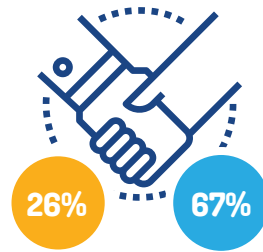
Key benefits of partnerships with nonprofit organizations



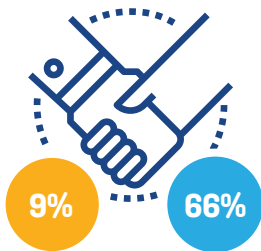
Improved institutional relationships with other important partners



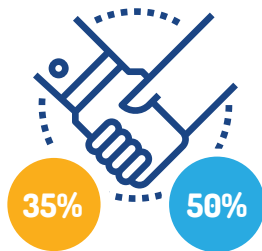
Strengthening of non-profit organizations



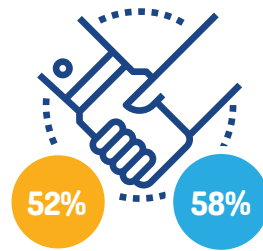
Improvement in the company's public image



Greater alignment of the company with public policies



Gains of scale in the company's social activities



Improvement in the company's relationship with the communities



*Note: multiple answers allowed. The sum of the percentages may exceed 100%.

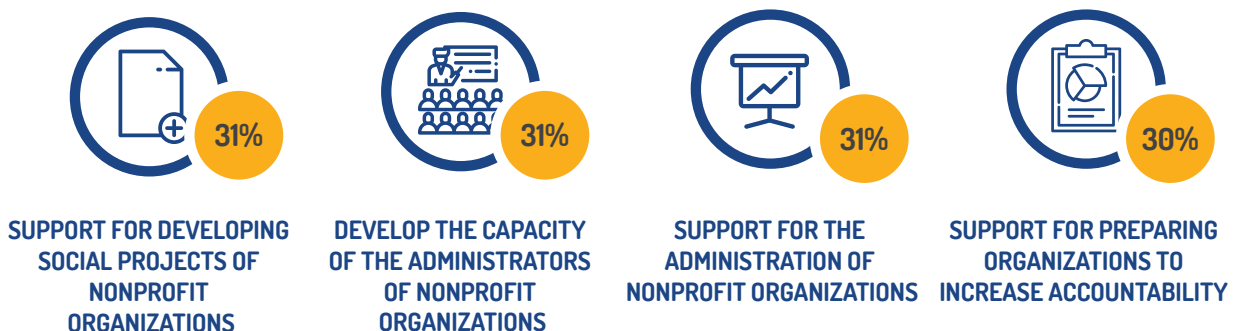
MAIN CHALLENGES IN WORKING IN PARTNERSHIP WITH NON-PROFIT ORGANIZATIONS

The difficulties identified in working with non-profit organizations have not changed over the years. The challenges focus on three aspects:



INITIATIVES TO SUPPORT NON-PROFIT ORGANIZATIONS

In evaluating the activities developed by the group to overcome the highlighted difficulties, we noted a lack of significant improvement: less than a third of the companies report that they significantly expanded their support for improving the management of non-profit organizations in recent years.

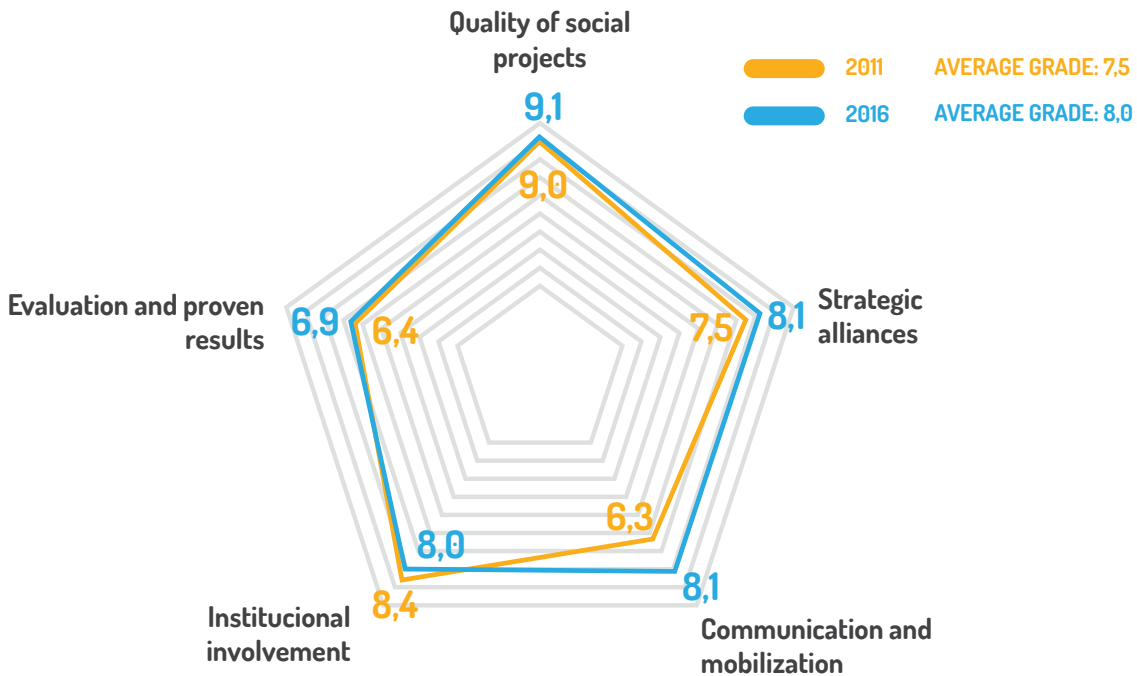


IMPROVEMENTS IN THE QUALITY OF SOCIAL INVESTMENT MANAGEMENT

- The self-evaluation conducted by the group indicates improvements in the quality of the administration of social projects. The average score in 2016 was 8 (on a scale of 0 to 10). This was an improvement from the first year in which this self-evaluation was carried out and the average grade was 7.5.

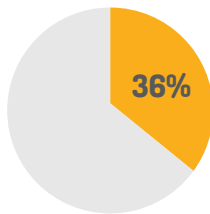
- In 2016, 55 projects were evaluated, most of them (45%) focused on education.
- The biggest improvements were in communication and mobilization; the grade increased from 6.3 (in 2011) to 8.1 in 2016.
- The greatest challenge remains the evaluation of social investments. The result obtained in 2016 does not signal a vast improvement: the average score in this category was 6.7, compared to 6.4 in 2011.

Quality indicators of social practices (2011 and 2016)

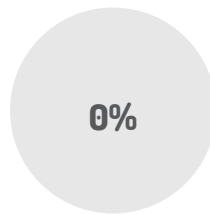


TODAY, COMPANIES SEEM MORE SATISFIED WITH THE RESULTS OF SOCIAL INVESTMENTS

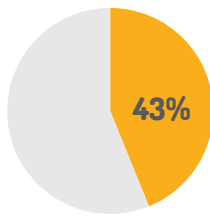
Compared with ten years ago, the BISC group has a much more positive impression of the results generated by its social investments. Great efforts have been undertaken to overcome the stage of paternalistic and occasional assistance. This is reflected in the fact that most companies are much more satisfied with the results.



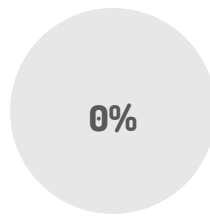
The social results generated today are **much more** satisfactory



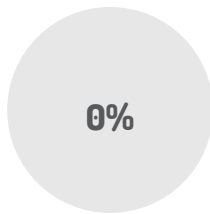
The social results generated today are **less** satisfactory



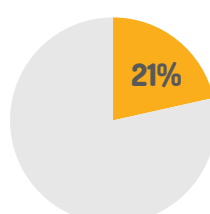
The social results generated today are **more** satisfactory



The social results generated today are **much less** satisfactory



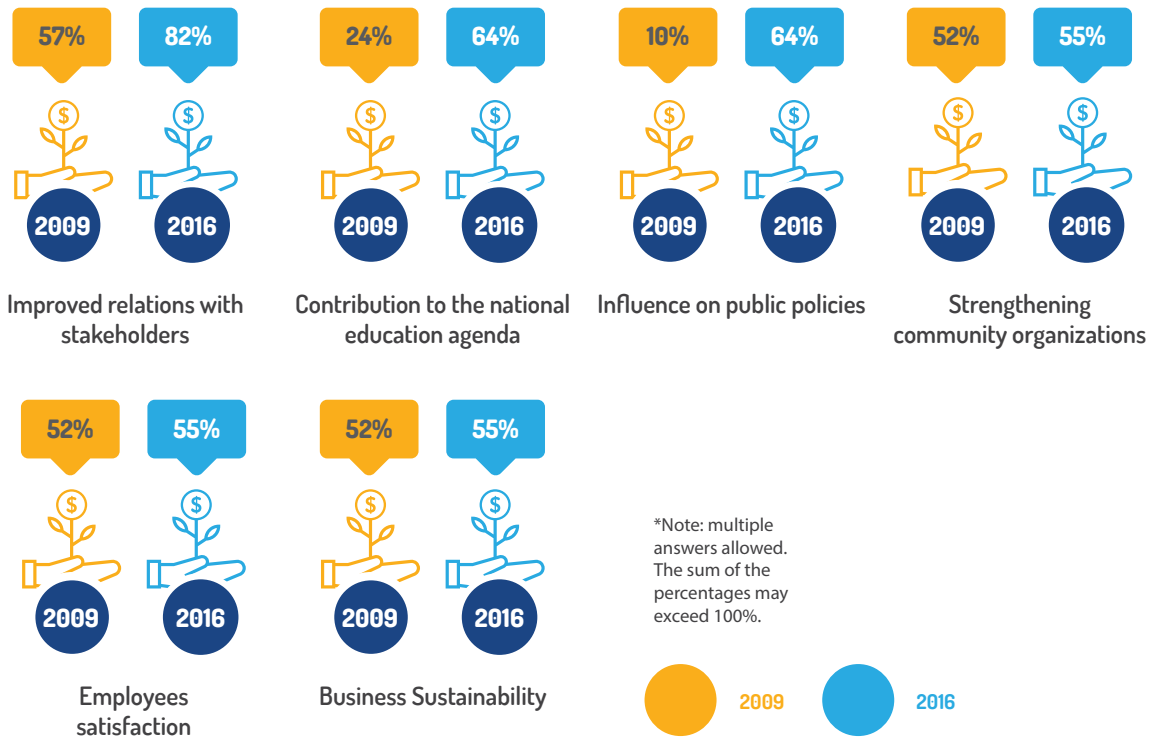
The social results generated are **similar** to those of the last decade



Do not know

The contributions of companies to the national education agenda and to the improvement of public policies are two examples that illustrate the perceived improvements. Eight years ago, less than a quarter of the companies recognized that they had contributed to any advances on these two fronts; currently two-thirds of the companies assess that they have generated significant benefits.

Benefits generated by social investments



MAIN ADVANCES IN SOCIAL INVESTMENTS

To complement the information obtained in the online questionnaire, we conducted interviews with managers and leaders of the companies that have participated in BISC since its first editions. On this occasion, the interviewees were asked to complete the following sentence: "In the last 10 years, the biggest advance in social investments was to..."

- "bring the company closer to the community".
- "promote the alignment with the business strategy".
- "make a conceptual change and internally structure social investments".
- "transform social investments into a strategic area of the company's business".
- "improve the quality of social investments".
- "increase the importance of social causes within the company".
- "contribute to ensuring rights of and strengthening financial inclusion".
- "obtain internal recognition for the relevance of social investments to the company's strategy at the local level".
- "help public administration to improve its policies".

The answers indicate, above all, a closer relationship between social initiatives and business activities. However, the group underlines that there is much to be done to broaden internal recognition for the importance of the company's social investments.



“

Our company has had the pleasure and the privilege of participating in BISC since it was founded. This is very important to us; it's not only an opportunity to learn more about what other companies do, but it also allows us to be guided, within our management and board, by the trends and strategies that companies are using. BISC is the main reference for us in terms of developing our strategy for voluntary social investment." (Company in the industrial sector)

“

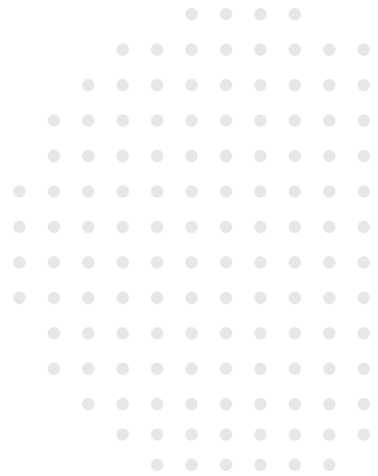
I believe that the knowledge generated by BISC on the patterns of social investment in Brazil have been very interesting. They have helped us in the process of reviewing the strategies we recently developed in the company. All this data served as the basis for defining new strategies, so I believe it is very relevant. As more key players have been participating in and responding to private social investment, we are able to obtain a more accurate diagnosis of the Brazilian scenario. I wish the BISC great success in the coming years and hope that many more companies will respond and share their information". (Company in the industrial sector)

“

In these ten years, BISC has worked closely with our Institute and has made us reflect greatly on Private Social Investment as well as making us reflect internally. The research reports show us the market trends and lead us to reflect on how to work with Private Social Investment within the company and with all the other parties involved. Right now, we are in middle of evaluating our social investments, and BISC is always there for us, helping us to reflect on how we are doing and how we are going to move forward". (Company in the service sector)



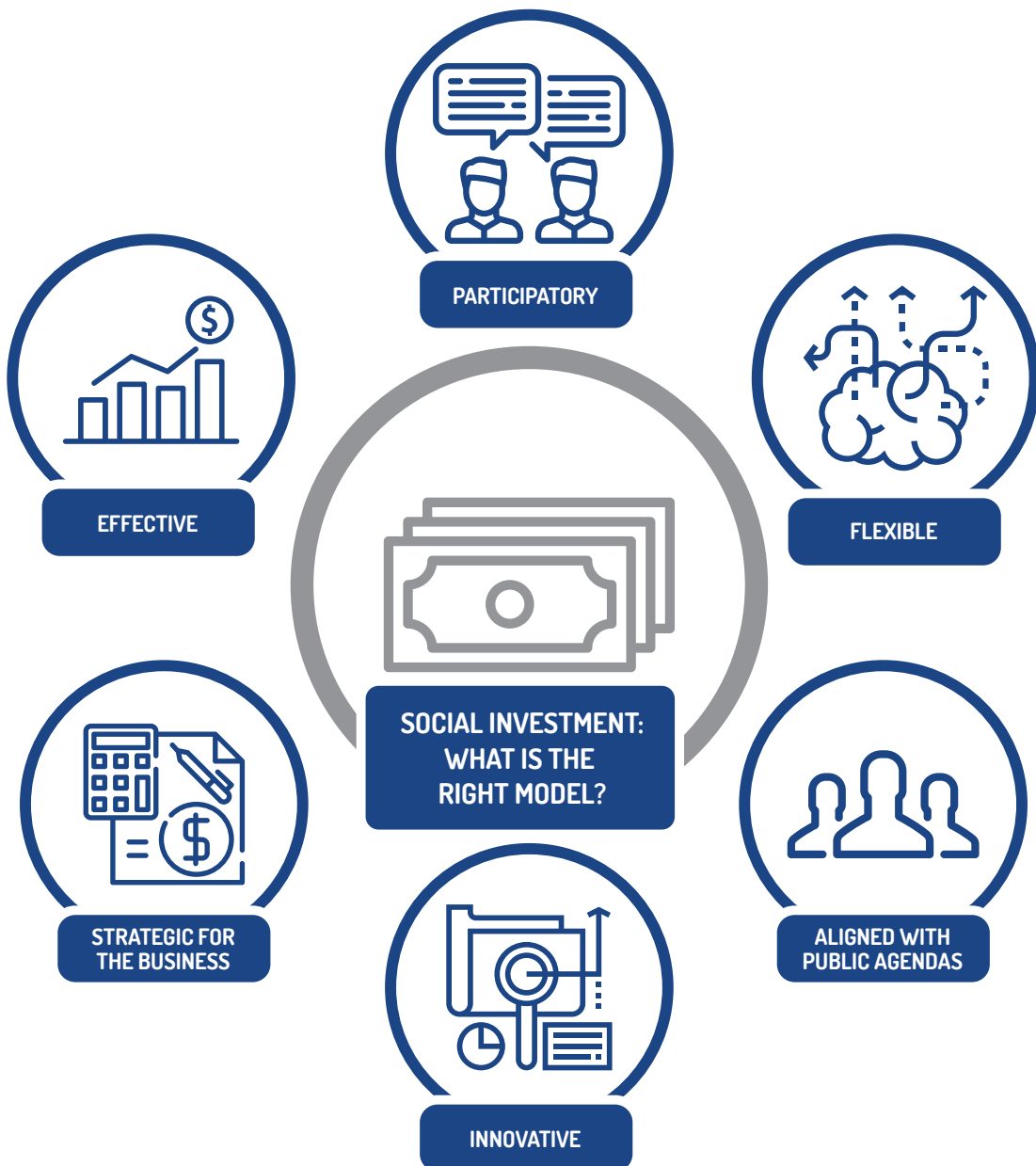
NEXT STEPS



In this 10-year anniversary edition of BISC, we have compiled key research outcomes from recent years to identify the following: the change in the profile of the group's activities; the progress that has been made; the current challenges; and the road to future improvements. We challenged the companies to present their suggestions. These are proof that the goals have been defined and the course has been set. However, there are still many challenges to overcome in this process.

A PATHWAY TO SUCCESSFUL SOCIAL INVESTMENTS

Despite the advances made, there is a widespread recognition that to achieve the desired transformations we have to pick up the pace. The lessons we have learned over the last ten years indicate that, in the near future, private social investment will be evaluated on the following characteristics: participation, flexibility, effectiveness, innovation, strategic for business and alignment with public agendas. The challenge is great, but recent experience proves that the group has already accumulated vast knowledge that will ensure the success of this endeavor.



PARTICIPATORY

In isolation, the social performance of companies will be reduced in scope and strengthening partnerships is touted as a recipe for success. The BISC group of participants emphasizes the need to increasingly seek the support of other key players who are involved in their social projects and recognizes that success will depend on the partners and communities taking ownership of the proposals. Despite the progress that has already been made, the companies emphasize the need to focus their efforts on the following issues:

- "Establish an ongoing dialogue, using more communication channels and simplifying communication".
- "Involve as many key players as possible from all sectors of the community to ensure project continuity. To be successful and ensure its continuity, the project must be relevant to the community as a whole and let the partner network play an important role in the execution of the project."
- "Seek a clear understanding of the local needs and identify technical partners capable of supporting the development of local organizations".
- "Increase employee participation through volunteer activities".
- "Expand partnerships and build the capacity of the partners, especially non-governmental organizations".
- "Broaden the dialogue with the partners and better define, in a contract, the contribution of each partner".

FLEXIBLE

In a world that is constantly changing, we must avoid adopting rigid and unchangeable solutions. Therefore, in our social investments we must always review our focus, agendas and procedures. In addition, companies are concentrating their social investments in the immediate surroundings of their business, observing that different realities demand localized solutions. As a result, companies have listed the following critical factors for being successful in their social investments:

- "Internalize the understanding that it is fundamental to distinguish between what cannot change and what should be flexible".
- "Be more visible in monitoring social investments and support partners in reviewing tools and processes where necessary".
- "Always reassess the way you manage your social responsibility as social dynamics are continuously changing".
- "Align your program with the needs of communities, identifying areas where projects can contribute to local development".
- "Seek convergence between the activity of different programs in the same area; ensure that these programs communicate between one and another and address the local demands; establish methodologies for measuring specific local program outcomes and systemic outcomes."

- "Offer actions that are suitable to the employee profile. This will allow employees to identify with the activities, feel safe and commit to the project."
- "Engage other local key players to align expectations and broaden the impacts of social investments".

EFFECTIVE

The great challenge for managers of social investments in general is producing and measuring objective results. At BISC, this issue stands out on several fronts and the suggestions of companies are constantly improving management processes, especially the development of powerful tools to control and evaluate results:

- "Improve management processes and tools, increasing the efficiency of project delivery and results".
- "Adjust social projects to scalable models".
- "Expand and train the management teams of social projects".
- "Prioritize actions that stimulate inter-sectoral networking".
- "Invest in the identification of management tools and indicators, monitoring, goals, research design and a bonus program for achieving targets".
- "Measure results that show the values generated for both the community and the company".
- "Invest in the construction of tools, and in the development of processes and methods, to evaluate results and impact".
- "Create projects that generate a self-sustaining cycle with the involvement of several partners that can guarantee continuity; empower the partner and the community to independently run the project in question".

INNOVATIVE

Breaking inertia, creating different paths from those normally taken and adopting new patterns of action are mandatory requirements in today's world. In the case of social investments, innovation will make a difference, expand the scale and increase the impact of projects. The BISC group is aware of this challenge and some testimonials, presented below, illustrate this concern.

- "To further strengthen innovation by creating the perspective of growth as a goal for upcoming years".
- "Invest in innovation and create a shared value for every link in the chain, putting the community in a strategic position across all interfaces".

- "Change the mainstream of administrators to meet the company's new expectations".
- "Foster networks that enable new formats and possibilities for the financial sustainability of the projects".

STRATEGIC FOR THE BUSINESS

Including social investments in business strategies has been recommended as an important alternative to increase results, raise internal support and ensure the sustainability of the sector. To this end, the group stresses, for example, the need to develop a closer relationship with the internal teams and to create a plan that is more in line with the general objectives of the company, as highlighted below.

- "Internalize the engagement with stakeholders for social transformation as part of the company culture and not just an initiative of its social branch."
- "Invest more in the elaboration of diagnoses and social action plans aligned with the company's strategic planning".
- "Align with business strategies, understanding their movements, anticipating possible obligations that may arise, to improve the development of initiatives with a greater impact".
- "Develop sustainable actions and find synergies; bring the internal departments closer together to develop joint actions".
- "Ensure that alignment is seen as a two-way process, that is, companies will also have to align business with social management".
- "Manage the negative impact of businesses that are a burden to social investments".

ALIGNMENT WITH (NATIONAL AND INTERNATIONAL) PUBLIC AGENDAS

The BISC group believes that being an integral part of a broader process of addressing national and global problems is essential to increasing the visibility of the company's commitments to sustainability, as well as enhancing the reach, scope and scale of private social projects, according to the perception of the BISC group. This perception is expressed in several recommendations for improving social investments, presented throughout the study:

- "Maintain alignment with the needs of communities and identify areas for strengthening public policies".
- "Invest in aligning social investments in locations around the company, expand internal and external networks, while focusing on both local and global themes (SDGs for example)".
- "Incorporate the Sustainable Development Goals into the company's strategy, to validate and implement a partnership with the business".

4 NEXT STEPS



- "Strengthen relationships and dialogue with government agencies to mitigate the difficulties of working together and increase trust between the parties".
- "Promote a constant renegotiation of the projects and the alignment to the new public policy guidelines".
- "Internally increase knowledge about the goals of the 2030 Agenda".
- "Develop analyses that foster a closer relationship between social responsibility and the SDGs, and the company's business".
- "Understand the goals and continuously evaluate if the social-environmental projects adhere to the SDG's".

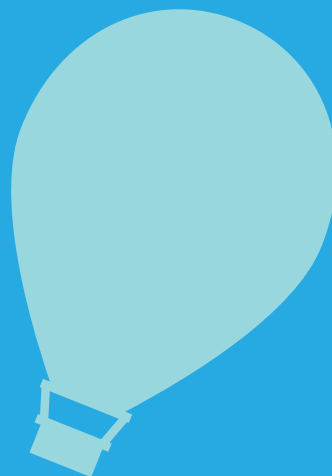
“

These ten years of BISC represent an achievement that allows for the systematic monitoring of Private Social Investments. I think that BISC is key because this research shows the evolution of investments over the course of time; it allows us to assess the maturity and trends of private social investments and share good practices within this sector. I do not see any other tool like BISC in Brazil today that is able to give you a snapshot the way BISC does. The questionnaire is very well prepared and the issues that are explored help companies that don't have their social investment well organized, to understand and learn about the trends of the big investors. BISC transfers knowledge and this is extremely important".

(Company in the service sector)

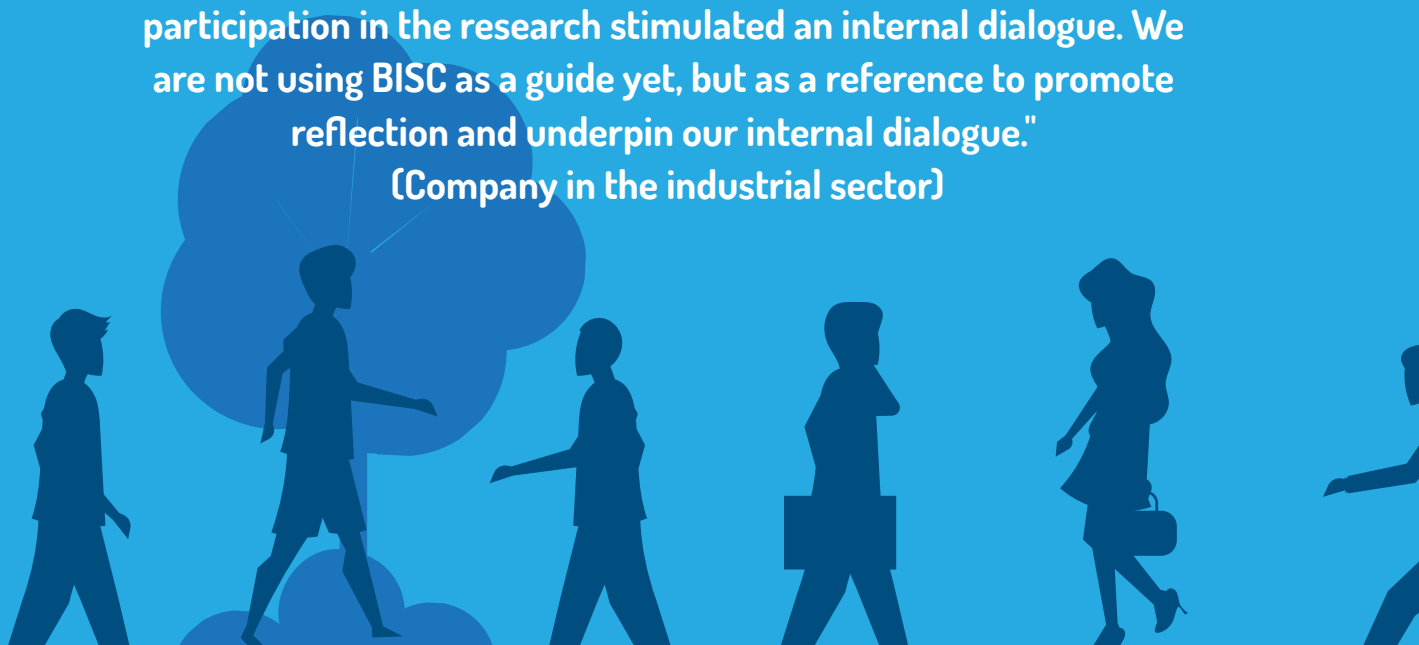
“

I think BISC brings us a lot of information about the Private Social Investment sector. It shows us trends and average behaviors, and this helps us to evaluate our strategies and our profile in relation to the group of Brazilian social investors. BISC also allows us to look at a cross-section of the industry and sectors. This also helps to position our company and our social investment in comparison to other key players. I think that when there is an alignment between social investment and business, you bring more continuity to social investment". (Company in the industrial sector)



Last year was the first time we participated in BISC and it was very important for us to understand this context of which we are a part; how do other companies work with Private Social Investment. We are part of a conglomerate in which our companies have autonomy to decide on their social investment. We have our Institute that belongs to the conglomerate and receives contributions from the companies so we can run our programs. But the companies make other direct investments that we didn't monitor before. With BISC, we have begun to learn more about the performance of the various companies and our participation in the research stimulated an internal dialogue. We are not using BISC as a guide yet, but as a reference to promote reflection and underpin our internal dialogue."

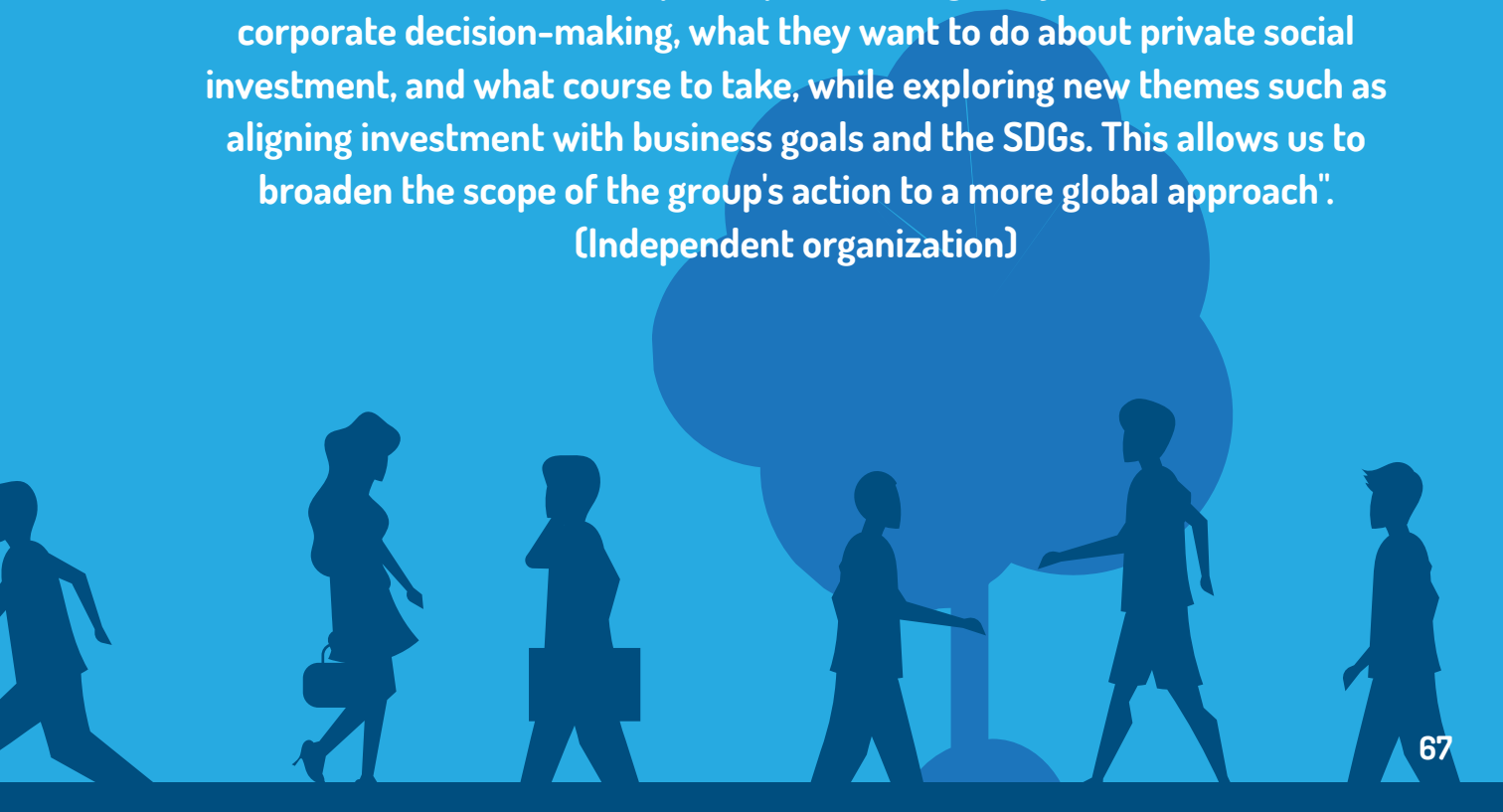
(Company in the industrial sector)





The BISC Discussion Group meetings are very productive and important, both for the people who participate, and the contributions to the research reports. The presented questions (by the coordinators of the debates) provide guidance and there is a significant exchange of information between the participants. This greatly influences future corporate decision-making, what they want to do about private social investment, and what course to take, while exploring new themes such as aligning investment with business goals and the SDGs. This allows us to broaden the scope of the group's action to a more global approach".

(Independent organization)





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Execution



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